



**General Motors Corporation
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February 7, 2003

VIA FEDERAL EXPRESS

Deena Sheppard-Johnson
Enforcement Specialist
U.S. Environmental Protection Agency
Remedial Enforcement Support Section
77 W. Jackson Blvd., SR-6J
Chicago, IL 60604-3590

RE: Response to 104(e) Request for Information
South Dayton Dump, Moraine, Ohio

Dear Ms. Sheppard-Johnson:

Enclosed is General Motors Corporation's response to 104(e) Request for Information issued by U.S. EPA on December 10, 2002 and received by GM's Moraine Assembly facility on January 6, 2003. Thomas Nash agreed to allow GM an extension of time to respond to a postmark date of February 7, 2003.

I will be the GM contact for this site. My phone, fax and address information are indicated at the top and bottom of this letter. My email address is Linda.L.Bentley@gm.com.

Please call me if you have any questions.

Very truly yours,

Linda L. Bentley
Legal Assistant

Enclosure

EPA Region 5 Records Ctr.



368965

General Motors Corporation Response
104(e) Request for Information
South Dayton Dump, Moraine, OH

February 7, 2003

1. Prepared by: Linda L. Bentley, Legal Assistant
General Motors Corporation
M.C. 482-C24-D24
300 Renaissance Center
Detroit, MI 48243

Persons contacted:

Ed R. Beckley, Environmental Engineer, GM Moraine Assembly
Pat Miller, Purchasing, GM Moraine Assembly
Vince Festa, Retired Environmental Engineer Moraine Engine

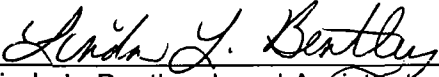
2. Based on a reasonable investigation of Purchasing, Engineering and Environmental records at the GM Moraine facility no relevant documents were found.
3. GM has no information or documentation that would be responsive to this Request.
4. Moraine Assembly EPA ID OHD041063074
Moraine Engine EPA ID OHD980569388
5. GM has no information or documentation that would be responsive to this Request.
6. Based on a reasonable investigation GM has no documentation or information that would be responsive to this Request. Please also see response to Request 7 below.
7. ~~a.-q.~~ Based on a reasonable investigation GM has no documentation or information that this facility arranged for disposal or treatment or arranged for transportation for disposal or treatment of waste materials including hazardous substances at the Site. Therefore, GM has no documentation or information that would be responsive to these Requests.
8. GM has no general liability insurance coverage that would cover any matters concerning this site.
9. a.-d. Per verbal agreement with Thomas Nash, at this time GM is producing a copy of its most recent Annual Report (copy enclosed).
10. N/A

11. N/A
12. N/A
13. GM has no information or documentation that would be responsive to this Request.

Verification

February 7, 2003

I verify under penalty of law that the responses to which this is attached were prepared by me based on a reasonable investigation by qualified and knowledgeable personnel. Based on my inquiry of those persons directly responsible for gathering the information, the information submitted is to the best of my knowledge and belief, true, accurate, and complete.



Linda L. Bentley, Legal Assistant
General Motors Corporation

A high-contrast, black and white photograph of three men rowing in a team. The men are shirtless and wearing dark tank tops, their bodies glistening with sweat. They are captured in a powerful, forward-leaning position on their rowing machines, with their arms extended and hands firmly gripping the oar handles. The background is dark and indistinct, emphasizing the athletes and their physical effort. The word "DETERMINED" is printed in a clean, white, sans-serif font across the middle of the image, positioned over the central figure.

DETERMINED

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IBC	General Information

TO LEAD. TO IMPROVE. TO BE THE BEST.
NO MATTER WHAT.

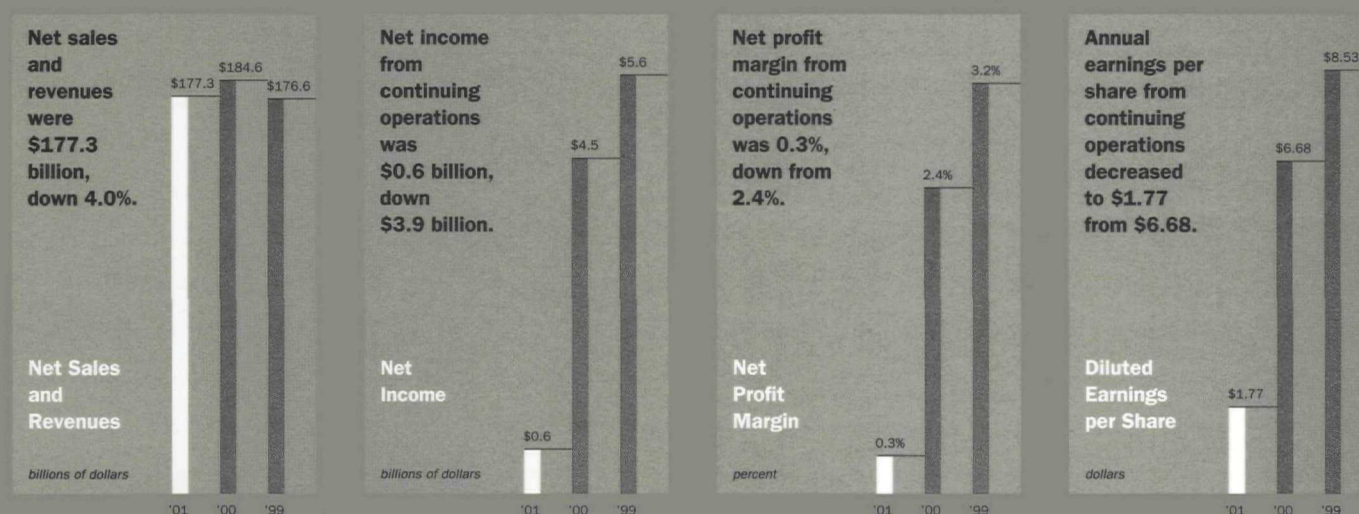
Financial Highlights

The following amounts are presented on a reported basis, and therefore include the impact of special items discussed on page 41 of the Management's Discussion and Analysis of Financial Condition and Results of Operations.

Dollars in millions, except per share amounts – Years ended December 31,	2001	2000	1999
Total net sales and revenues	\$177,260	\$184,632	\$176,558
Worldwide wholesale sales (units in thousands)	8,073	8,746	8,786
Net income			
Income from continuing operations	\$ 601	\$ 4,452	\$ 5,576
Income from discontinued operations	–	–	426
Total net income	\$ 601	\$ 4,452	\$ 6,002
Net profit margin⁽¹⁾	0.3%	2.4%	3.2%
Earnings (losses) attributable to common stocks			
\$1-2/3 par value			
Continuing operations	\$ 984	\$ 3,957	\$ 5,592
Discontinued operations	–	–	426
Earnings attributable to \$1-2/3 par value	\$ 984	\$ 3,957	\$ 6,018
Earnings (losses) attributable to Class H	\$ (482)	\$ 385	\$ (96)
Diluted earnings (losses) per share attributable to common stocks			
\$1-2/3 par value			
Continuing operations	\$ 1.77	\$ 6.68	\$ 8.53
Discontinued operations	–	–	0.65
Earnings per share attributable to \$1-2/3 par value	\$ 1.77	\$ 6.68	\$ 9.18
Earnings (losses) per share attributable to Class H ⁽²⁾	\$ (0.55)	\$ 0.55	\$ (0.26)
Book value per share of common stocks			
\$1-2/3 par value	\$ 24.79	\$ 39.36	\$ 27.02
Class H ⁽²⁾	\$ 4.96	\$ 7.87	\$ 5.40
Number of common stock shares issued as of December 31 (in millions)			
\$1-2/3 par value	559	548	619
Class H ⁽²⁾	878	875	411

(1) Net profit margin represents income from continuing operations as a percentage of net sales and revenues.

(2) Amounts for 1999 adjusted to reflect the three-for-one stock split of the GM Class H common stock, in the form of a 200% stock dividend, paid on June 30, 2000.



Sometimes success is about determination. In times of challenge and uncertainty, often it's those with the strongest will to keep moving forward who ultimately win. In 2001, GM moved aggressively to answer the call for leadership, to continue the momentum we had begun to establish as a company. While we know we have a long way to go, we're encouraged by the attitude we saw in GM people, dealers, and suppliers. It's a desire to win. A commitment to continuous improvement and achieving our goals. A sense that we will continue to push for excellence, no matter what. This is the true foundation of our future success, and we couldn't be more proud and determined.

DEAR STOCKHOLDERS

Determined. Confident. Committed.

That's the GM the world sees today: Determined to be the industry leader in every measure of performance. Confident in our ability to innovate, in our energy to succeed, and in our passion to create. Committed to win.

That determination, confidence, and commitment were clearly evident to the world in 2001. It was a challenging year – one that none of us will ever forget. But it also showed GM's ability to build upon the solid foundation laid over the past decade.

Progress in 2001 Automotive media, analysts, and, most important, our customers strongly endorsed our new products throughout the year. We increased market share

in the United States, our largest market, for the first time since 1990. We also gained share in our Asia Pacific and Latin America regions, while Europe's share held steady in what was a very difficult year for GM.

We regained sales leadership in trucks in the United States and globally, and posted two important truck "firsts" in the U.S. market. GM was the first automaker to sell more than 1 million SUVs in a calendar year, and we set an industry sales record for trucks – more than 2.6 million units.

GM again showed improvement in respected independent studies of productivity and quality. In the 2001 Harbour Report, GM's productivity improvement outpaced all other multi-plant manufacturers in North America. GM also scored the biggest gain of any full-line

automaker in the 2001 J.D. Power and Associates Initial Quality Study, putting us ahead of all U.S. automakers and in the industry's top ranks.

GM cars and trucks received more than 70 awards around the globe in 2001 and early 2002, including these influential and respected citations:

- "North American Truck of the Year," awarded by 54 of North America's leading automotive journalists (Chevy TrailBlazer).
- *Motor Trend* magazine's "SUV of the Year" (GMC Envoy) and "Truck of the Year" (Chevy Avalanche).
- *AutoWeek* magazine's "best concept" (Cadillac Cien) and "best in show" (Pontiac Solstice) at the North American International Auto Show.
- Brazilian Automotive Press Association's "Popular Car of the Year" (Chevrolet Celta) and "SUV of the Year" (Chevrolet Tracker).

September 11 While we are proud of these accomplishments, our most vivid memory of 2001 will always be of September 11 and the horrible attacks on the World Trade Center and Pentagon. These assaults tested America and the world. The terrorists wanted to break our economy, as well as our spirit. They failed on both counts.

Several days after the attacks, GM was honored to host an unprecedented meeting of government, labor, and industry leaders at the request of the Bush Administration. The discussion focused on what we could do together to help America in the wake of the tragedy. The unanimous conclusion was to keep the American economy going – to keep our people working, our factories running, our dealers and suppliers healthy – and to prevent a deep recession.

As the world's largest automaker, we felt we had a special responsibility to help stimulate the economy by

making it easier for Americans to buy cars and trucks.

And so, within hours of that meeting, we announced our "Keep America Rolling" program, which included zero-percent financing for every vehicle we sell in the United States. Other automakers followed GM's lead. With the help of our dealers, the program got Americans back into the nation's showrooms and contributed to industry sales records in October and the fourth quarter.

There were many other ways that the GM team around the globe – our employees, unions, dealers, and suppliers – responded and made us all proud. They ranged from donations of time, money, and vehicles to help in the disaster relief efforts, to overcoming logistical obstacles at the borders that threatened to slow production at our U.S. plants. Through all this turmoil, our cultural priorities came through loud and clear: We acted as one company, pushed for a stretch performance, moved with a sense of urgency, and focused on our products and customers.

Nobody foresaw that 2001 would be marked by such difficult circumstances. In addition to the events of September 11, the industry experienced a broad slowdown in sales, the most difficult pricing environment ever globally, and the toughest competition in memory. The fact that GM performed so well says a lot about our improved competitive position.

Other Challenges But it would also be wrong to say we're satisfied. We are not.

Overall, we were disappointed with our 2001 results. While global revenues remained strong at \$177.3 billion, earnings totaled \$3.23 per common share, down from \$8.58 in 2000, excluding special items. Although a respectable performance when compared with that of many of our competitors, our margins were well below our expectations and our targets.



Bob Lutz, Rick Wagoner, John Devine, Jack Smith (left to right)

GM Europe again posted a significant loss for the year. In the fall, we announced a broad restructuring in Europe aimed at returning our operations there to profitability. It is a challenging plan with tough targets, but we must achieve them. Asia Pacific returned to profitability, thanks in large part to the exceptional performance by Holden in Australia. GM's Latin America, Africa, and Mid-East region posted a loss, due largely to the currency devaluation in Argentina and pricing pressures throughout the region.

In North America, weakness on the car side of the business tempered our success in trucks. And while our cost-cutting continued at an admirable pace, it failed to offset the relentless downward pressure on prices. As we move into 2002, we are aggressively pursuing additional structural and material cost reductions, and intensifying our focus on cash generation.

On the positive side, GM's financial services unit, GMAC, achieved impressive income growth for the seventh consecutive year and posted its third straight year of record earnings: \$1.8 billion, an improvement of 9 percent over the previous year. GMAC continues to expand its business in existing and new markets, including a major push into the Asia Pacific region.

2002: Product, Product, Product We know 2002 will challenge us with a tough economic environment. Rival automakers will introduce more competitive, more refined vehicles. This is no time to let up.

We will maintain our momentum in 2002 by continuing to focus on increasing our market share in all our markets around the globe, on progressing toward industry leadership in quality and productivity, and on creating innovative, head-turning cars and trucks.

2002 will see further proof of GM's product renaissance as we launch many significant new models around the globe.

In Europe, we will introduce an all-new, mid-size Opel/Vauxhall Vectra sedan, to be followed next year by the Vectra Signum, a highly flexible and spacious premium sport wagon. And an all-new Saab 9-3 will arrive in Europe, North America, and Asia.

In Asia Pacific, we'll introduce the Holden/Opel Vectra in several markets, the Cadillac CTS in Japan and Taiwan, and the Buick Rendezvous in Taiwan. Latin America will get the new Chevy Corsa and a new sub-compact family van.

In North America, GM plans to maintain its leadership in the light truck market with a significant redesign of our top-selling full-size pickups, the Chevrolet Silverado and GMC Sierra. We'll also introduce an extended version of the popular Chevy TrailBlazer and GMC Envoy mid-size SUVs, featuring an adult-sized third-row seat. The exciting, all-new Hummer H2 will follow in the summer, and the unique Chevy SSR will debut in early '03.

Our entry-level product renaissance, which began earlier this year with the Saturn VUE sport-utility, will continue with the Saturn ION sedan and coupe, the unique Pontiac Vibe crossover vehicle, and a makeover of the popular Chevy Cavalier and Pontiac Sunfire.

At the other end of the market, the revitalization of Cadillac's lineup continues as the highly touted CTS sport sedan ramps up production. Our aggressive expansion plan for Cadillac also includes the stunning new XLR luxury roadster in 2003, to be followed by the dynamic new SRX crossover vehicle.

Under the leadership of Bob Lutz, our new Vice Chairman of Product Development and Chairman of GM North America, we will infuse our North American car lineup with the same kind of passion, innovation, and "gotta have" vehicles that are so evident in GM's winning truck portfolio. The beautiful Pontiac Solstice roadster, first shown in January at the Detroit auto show, makes a

strong statement about the speed, agility, and talent of GM's product development team. The Solstice went from sketch to a fully driveable concept in less than four months.

Innovation and Vision GM's innovation leadership is evident with the growing success of OnStar, the unrivaled industry leader in in-vehicle communications. Here, the numbers speak for themselves: More than 2 million subscribers (250 percent growth in 2001), and each month more than 200,000 routing calls handled, 375 stolen vehicles located, 14,250 roadside assistance calls dispatched, 15,000 doors unlocked, and 300 airbag deployments handled. OnStar has about 80 percent market share, and can be found in GM, Lexus, and Acura vehicles. Later this year, OnStar also will appear in select Audi and Subaru vehicles.

Innovation and vision also were at the heart of the AUTOnomy fuel-cell concept vehicle unveiled at the Detroit show in January. AUTOnomy was the most talked-about concept at this year's show, and for good reason – it amounts to nothing short of a reinvention of the automobile, a look into the future of truly sustainable mobility in the coming hydrogen economy.

The value, speed, and vision of our alliance network were evident in 2001, with the launch of the Chevy Cruze and Subaru Traviq in Asia Pacific. The Duramax Diesel V8, developed with Isuzu, drew press raves as a world-class powerplant in our popular heavy-duty pickups in North America. We continued to make significant progress in our joint ventures with Fiat, where powertrain and purchasing efficiencies helped both companies with our respective European restructuring efforts. And we're moving quickly on projects to develop common components and systems for future Opel, Fiat, and Saab vehicles.

In Closing We cannot close the books on 2001 without noting the retirement of Harry Pearce, who served GM for 16 years with integrity and distinction. Harry's impact on this company will be felt for many years to come. But on a more personal level, the courage and tenacity he showed the world in his successful battle against leukemia had an impact on all who know him and thousands of others who know of his story. We wish him the best and thank him for all he has contributed.

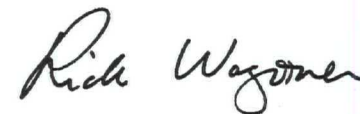
Last year we ended this letter by asking you to "keep your seatbelt fastened. We've only just begun."

Indeed, 2001 was a wild ride. But it also showed the world what innovation, leadership, performance, and vision mean for General Motors. Over the past decade, the GM team has worked hard to become a truly global company, one that uses its size to our customers' advantage. Today we're moving with speed and purpose, winning new customers the world over, and making them proud to be part of the GM family.

The road ahead is still long and challenging. But momentum is clearly on our side. We're determined to build on that momentum as we move forward in 2002 and beyond.



Jack Smith
Chairman



Rick Wagoner
President and Chief Executive Officer



Innovation is a priority at GM. But this isn't news – innovation has long been one of the hallmarks that have made GM great. Our renewed commitment, our drive, is to build on that heritage. Like soccer players determined to make winning moves, we are focused on thinking beyond “the way it’s done” to new ways – better ways – it *can* be done. Working as a team, building a collective passion for new ideas, we’re striving for automotive innovation that stands out from the competition and results in great cars and trucks. Like the Hummer H2, with a striking new design to unleash the true potential of a legendary brand, we have the power to get there.



INNOVATION





recharge your soul

Opel Signum2 The Signum2 is another example of GM's focus on innovation. With its stunning, progressive design, it radiates a high level of dynamism and embodies the new Opel brand character. The concept vehicle, introduced at the Frankfurt Auto Show in September 2001, features a thoughtful com-

bination of comfort, convenience, and versatility. The front-wheel-drive Signum2 combines the elegant lines of a coupe with the practicality of a station wagon and, with a number of unique designs for the interior, underlines Opel's reputation as the leading European manufacturer of attractive,

versatile vehicles. An innovative seating concept and a movable storage box system are just two examples of the car's outstanding versatility. A glass panorama roof extending to the wind-screen ensures a spacious, airy feeling in the interior.



stylish power

Cadillac Escalade The all-new, second-generation Escalade sets a new standard for the luxury full-size SUV. Its bold new shape, cutting-edge interior, new powerful Vortec 6000 engine, and innovative handling system redefine automotive luxury. The 2002 Escalade builds on

Cadillac's heritage of design leadership, while pioneering meaningful technologies that customers want and use, including a road-sensing suspension system, and the sophisticated StabiliTrak advanced vehicle stability enhancement system – the first to be offered in a truck. It

improves stability on all road surfaces at all speeds. Escalade is true to Cadillac's heritage of dramatic and expressive styling combined with high technology in a relevant and contemporary way.





best of the year

GMC Envoy *Motor Trend* magazine's 2002 Sport/Utility of the Year, the GMC Envoy embodies the soul of a professional-grade vehicle. This striking, expressive design is teamed with surprising comfort and unparalleled performance that are totally unexpected in a

mid-size SUV. Completely new from the ground up, the Envoy delivers surprises that set it apart in a crowded SUV segment. Envoy is purposefully designed and engineered to provide both driver and every passenger with individualized comfort and capabilities that far exceed

the expectations of even the most demanding and discriminating tastes. The all-new Envoy XL, introduced in the spring of 2002, adds best-in-class, seven-passenger roominess and increased overall length to the Envoy lineup.



ultimate SUT

Chevrolet Avalanche Chevy Avalanche is the ultimate sport-utility truck (SUT). Unique to the industry with its combined sport-utility vehicle (SUV) and pickup truck capabilities, Avalanche can carry as many as six people, or it can be reconfigured to carry 4' x 8'

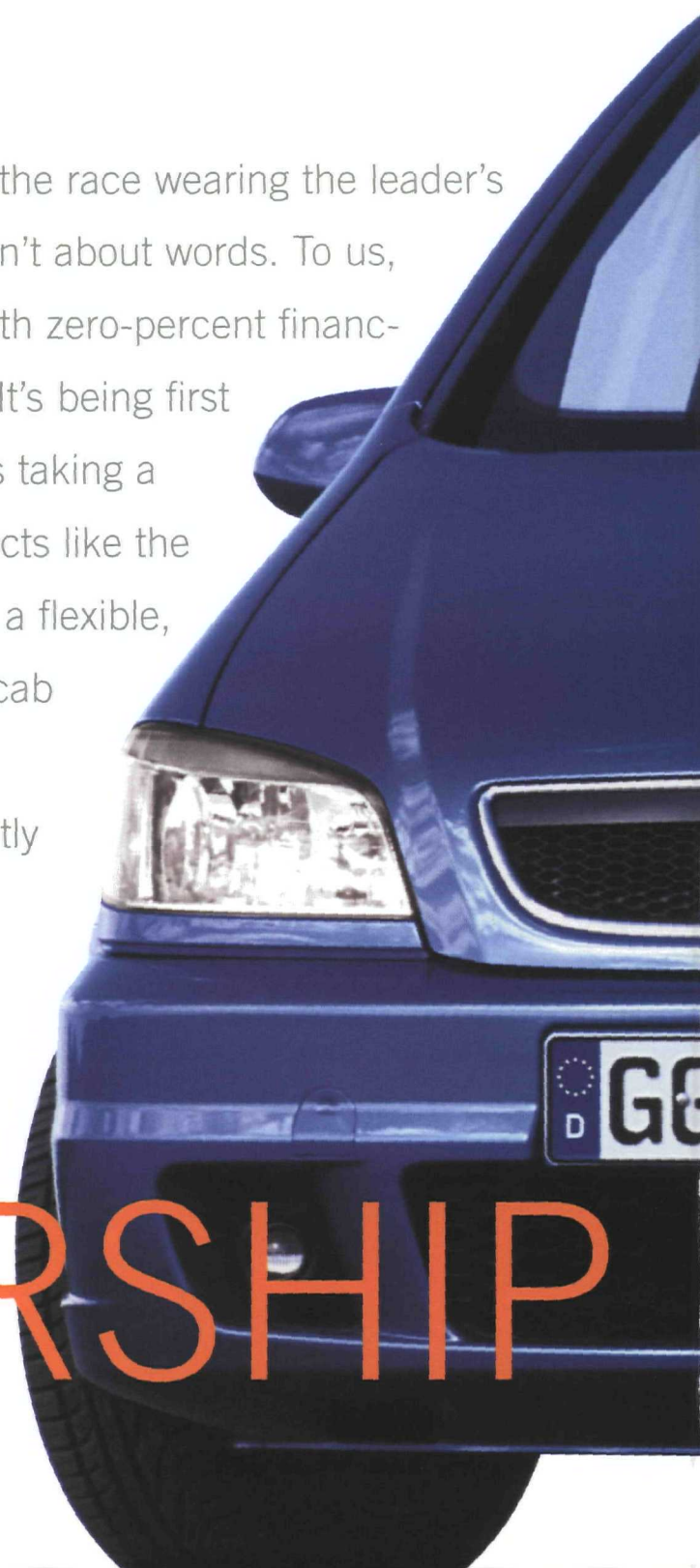
sheets of plywood. Taking advantage of some of the best attributes of GM's award-winning full-size truck family, Avalanche adds a new look and a technical breakthrough. Its unique Convert-a-Cab System and midgate allow quick reconfiguration of the

5'3" standard bed length into a full 8'1". One look and it's clear that the Avalanche is more than a pickup and more than an SUV. It's the ultimate SUT. And, Avalanche is *Motor Trend* magazine's 2002 Truck of the Year.





We want to lead. We want to be the one in the race wearing the leader's jersey. Leadership isn't a proclamation; it isn't about words. To us, it's about action: It's leading the industry with zero-percent financing to invigorate sales after September 11. It's being first with features like OnStar and XM Radio. It's taking a leadership position with exciting new products like the Opel Zafira OPC, Europe's fastest van, with a flexible, dynamic design that's redefining the monocab segment there. At GM, we're committed to building upon our momentum by consistently seizing the first-mover advantage.



LEADERSHIP





dealer experience

Capitol Chevrolet, Austin, Texas GM's retail network is at the center of the company's relationship with its customers. A consumer's vehicle ownership experience starts in a dealership showroom. From shopping to buying and

meeting service requirements, GM dealers play a leading role in shaping the overall customer experience. It is this dealer leadership that helped General Motors achieve a 65.2% owner loyalty rate in 2001 – tops in the industry for

the second straight year, according to R.L. Polk. Dealers like Nancy Harper, owner of Capitol Chevrolet in Austin, pictured here explaining product features, continue to be the lifeblood of GM's core automotive retailing business.



REAR



RDS | TA



THEFTLOCK

TONE | DSP

- LEVEL +

SIDE

PTY

5 DISC 6 RDM

PWR

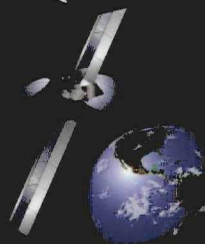
SOURCE

BAND

TUNE
SEEK

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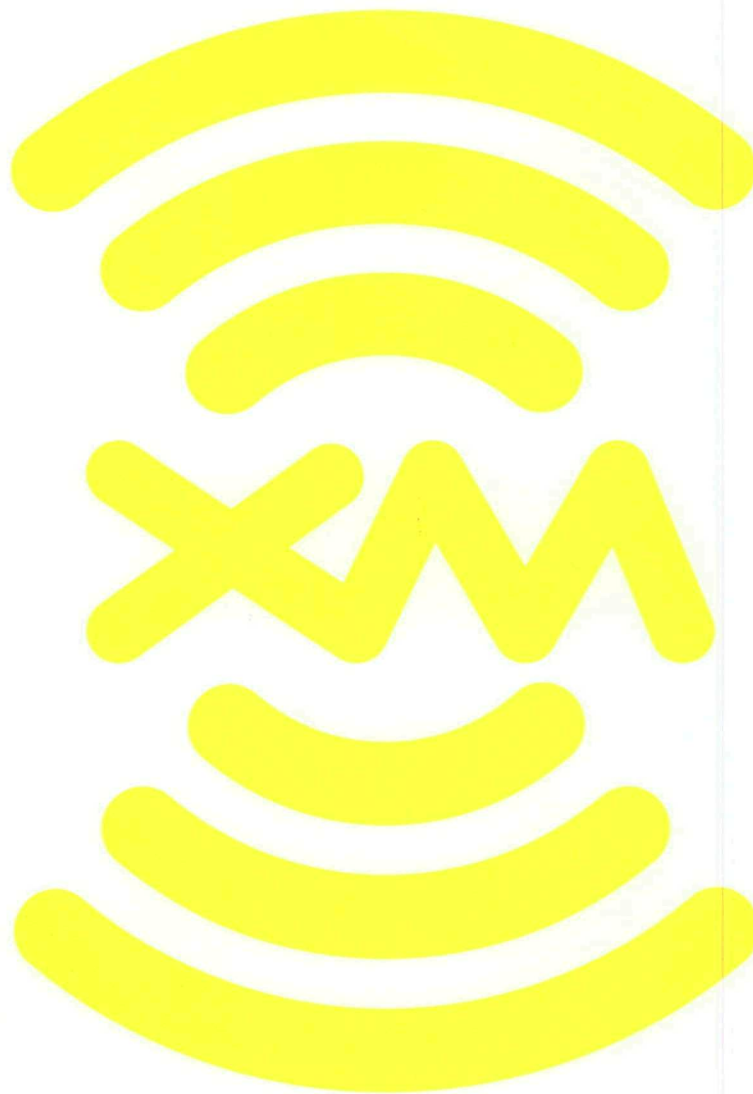


coast to coast

XM Radio XM Satellite Radio, a GM strategic partner, is transforming an industry that has seen little technological change since FM, almost 40 years ago. XM offers by subscription 100 channels of digital-quality sound coast-to-coast in the United States: 71 music channels and 29 news, sports, and talk channels.

XM radio became the fastest-selling audio product of the last 20 years with more than 30,000 subscribers in its first eight weeks. This new venue for music and talk programming is expected to stimulate broader demand from the diverse base of U.S. drivers. Last year, GM became the first manufacturer in the

world to offer XM Satellite Radio as a factory-installed option on 2002 model Cadillac DeVilles and Seattles. At the start of the 2003 model year, the XM option will expand to more than 20 models throughout the GM lineup.





For emergency service, just
push the red button.



The closest ATM fast?
We'll direct you.



Dinner or hotel reservations—
we make them happen.



Send flowers without
leaving the car.



Know ahead of time.
We can update you on traffic.



Locked out?
We'll unlock via a cellular signal.

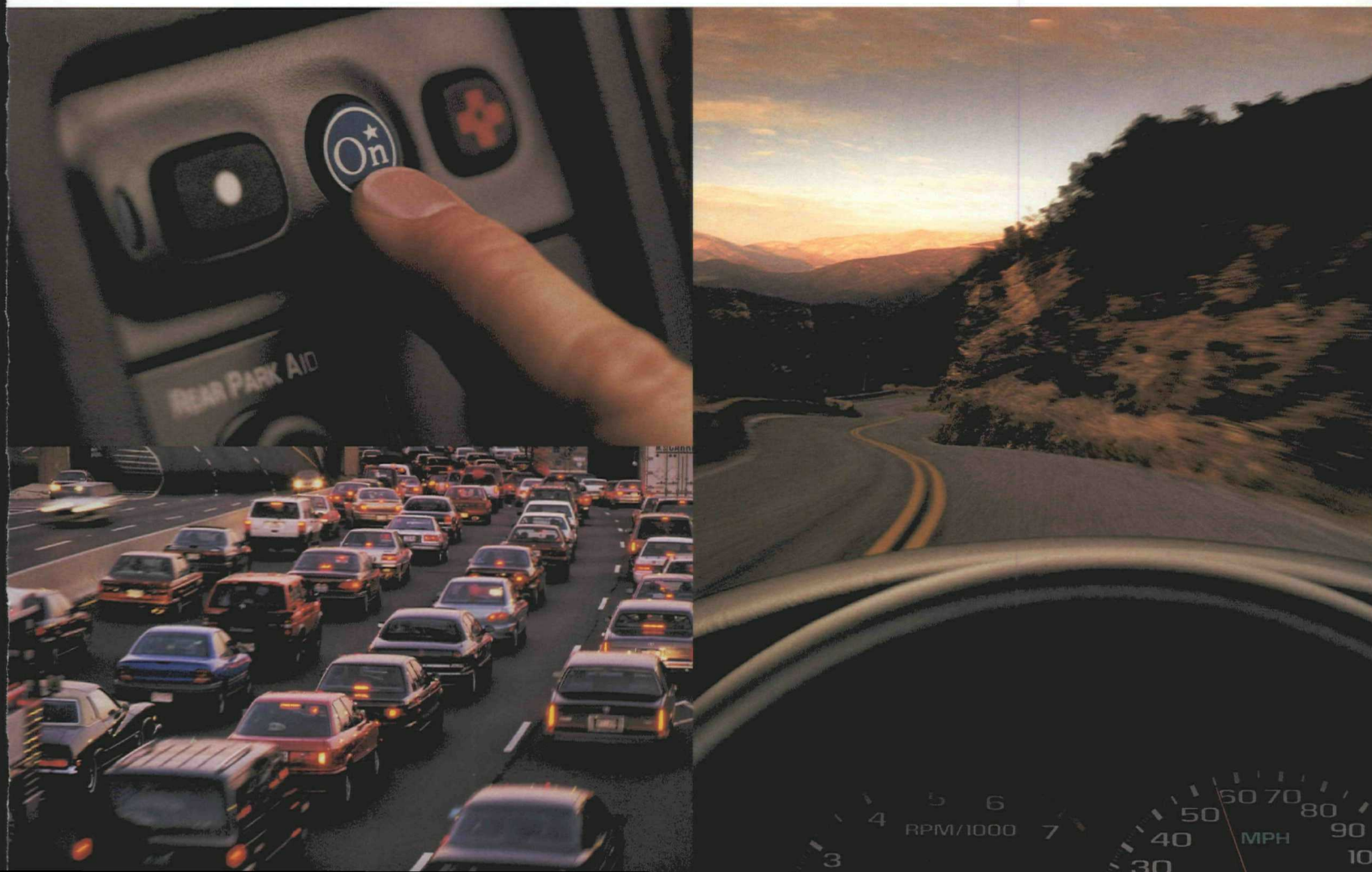
in touch 24/7

OnStar Using sophisticated wireless communication and Global Positioning System (GPS) technologies, GM's OnStar brings you a combination of safety, security, and information 24 hours a day, 365 days a year – all at the touch of a button. OnStar is the industry-leading in-vehicle communications and information service. OnStar's live advisors provide

motorists with personalized assistance, including emergency aid, remote diagnostics, airbag-deployment notification, navigation support, and even a personal concierge. The new Personal Calling service provides a safer way of calling from your vehicle with hands-free, voice-activated, cellular phone access. And, the new Virtual Advisor offers hands-free,

voice-activated access to personalized Web-based information including news, sports, weather, financial services, e-mail, and traffic.* OnStar currently has more than two million subscribers and is available on more than 35 General Motors vehicle models.

*Available in select markets



cruze on by

Alliance partnerships The Chevrolet Cruze is a key product resulting from GM's unique automotive alliance strategy. The compact lifestyle vehicle currently being sold in Japan is the result of close collaboration between GM and its alliance partner Suzuki Motor Corp., which provided its expertise in the development of compact cars for con-

sumers in Asia. GM contributed specific Chevrolet design cues and driving characteristics, which inspire an active lifestyle. The Cruze is manufactured at Suzuki's Kosai Plant in Japan. Cruze is just one example of GM's successful automotive alliance strategy. In addition to its alliance with Suzuki, GM has formal alliances with Fiat Auto, Subaru

parent Fuji Heavy Industries, and Isuzu Motor Corp. The alliance strategy allows GM and its partners to develop products faster while achieving greater economies of scale and purchasing synergies, resulting in broader market access and increased affordability.







Performance comes from drive, a desire to excel. Basketball players know it: Who wants that rebound more? At GM, we know that business performance is the bottom line. You can be innovative, you can be a leader, but if you don't deliver as a business, your momentum won't be sustainable. In a vehicle, performance is power. For push-you-back-in-your seat, zero-to-60-in-less-than-four-seconds excitement, the Corvette Z06 delivers like no other. We are striving to excel like a 'Vette – to achieve solid performance that shows up in great products, improved market share, and a stronger bottom line.



PERFORMAN

CE



building momentum

Total Hours of Production per Vehicle

8.5% GM Improvement
1999 vs. 2000

In the 2001 Harbour Report, GM's manufacturing operations outpaced all other multi-plant manufacturers in North America with an overall productivity improvement of nearly 8.5 percent. Since 1997, GM productivity has increased 16 percent. Facilities like GM's newest assembly plant in Lansing, Mich. (background), strengthen the company's productivity and quality drive.



J.D. Power Initial Quality Study problems per 100 vehicles

11% GM Improvement
2000 vs. 2001

GM outpaced most of the industry with an 11-percent improvement in quality in the annual J.D. Power and Associates 2001 Initial Quality Study. GM's quality gains led all U.S. automakers and narrowed the gap with the best Japanese manufacturers. Since 1998, GM's initial quality has increased 22 percent.



truck and SUV sales

29.2%

25.9%

Sales of full-size pickups were the best since 1978, and GM shattered the all-time industry sport-utility vehicle (SUV) sales record, becoming the first manufacturer to sell more than one million SUVs in a calendar year. Truck and SUV market share increased more than 2 percentage points in 2001 in a market where fractions of a point are important.

Trucks 27% to 29.2%
U.S. market share

SUVs 23.1% to 25.9%
U.S. market share





global market share

North America

27.6%

in 2001



Europe

9.2%

in 2001



Latin America

22.4%

in 2001



Asia Pacific

3.9%

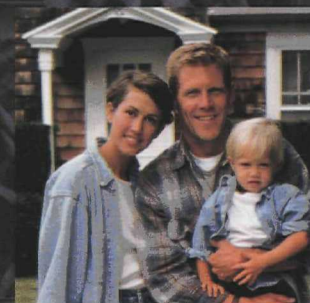
in 2001



GM increased its calendar-year market share in the United States for the first time since 1990. U.S. share increased to 28.1 percent from 27.8 percent in 2000. Total North American market share increased from 27.5 percent to 27.6 percent. GM's global market share totaled 15.1 percent in 2001, compared with 15.0 percent in 2000. Combined sales of GM and its automotive alliance partners – Fiat Auto, Fuji Heavy Industries (Subaru), Isuzu Motor Corp., and Suzuki Motor Corp. – represented 23.7 percent of the global automotive market in 2001, compared with 23.3 percent in the prior year.

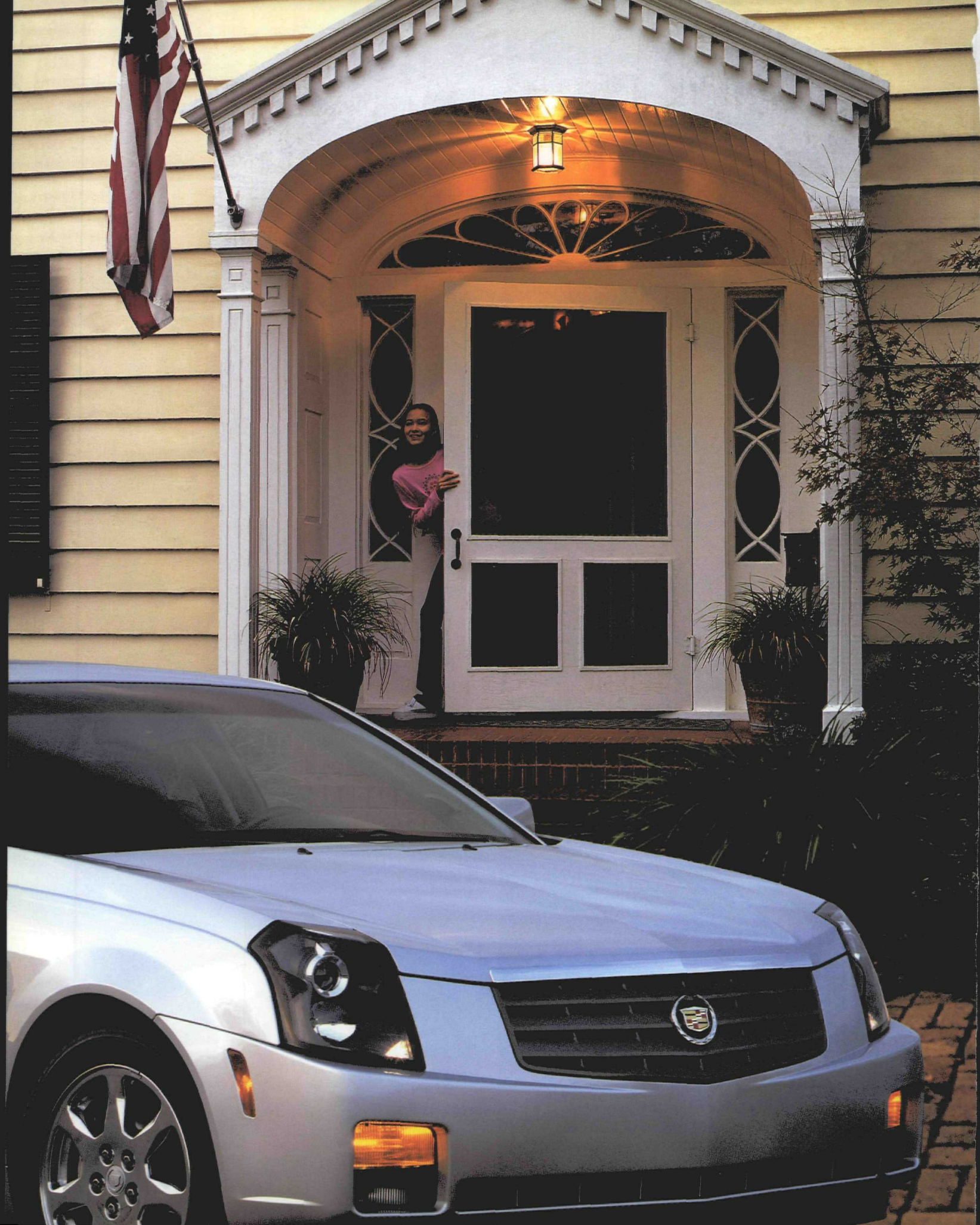
empowering you

GMAC Financial Services helps you reach your potential. GMAC provides a broad range of financial and related services to help individuals and businesses throughout the world realize their dreams. At the same time, GMAC has translated its business success into strong profits that help strengthen General Motors. 2001 marked GMAC's seventh consecutive year of earnings growth.



GMAC Income: in millions US\$



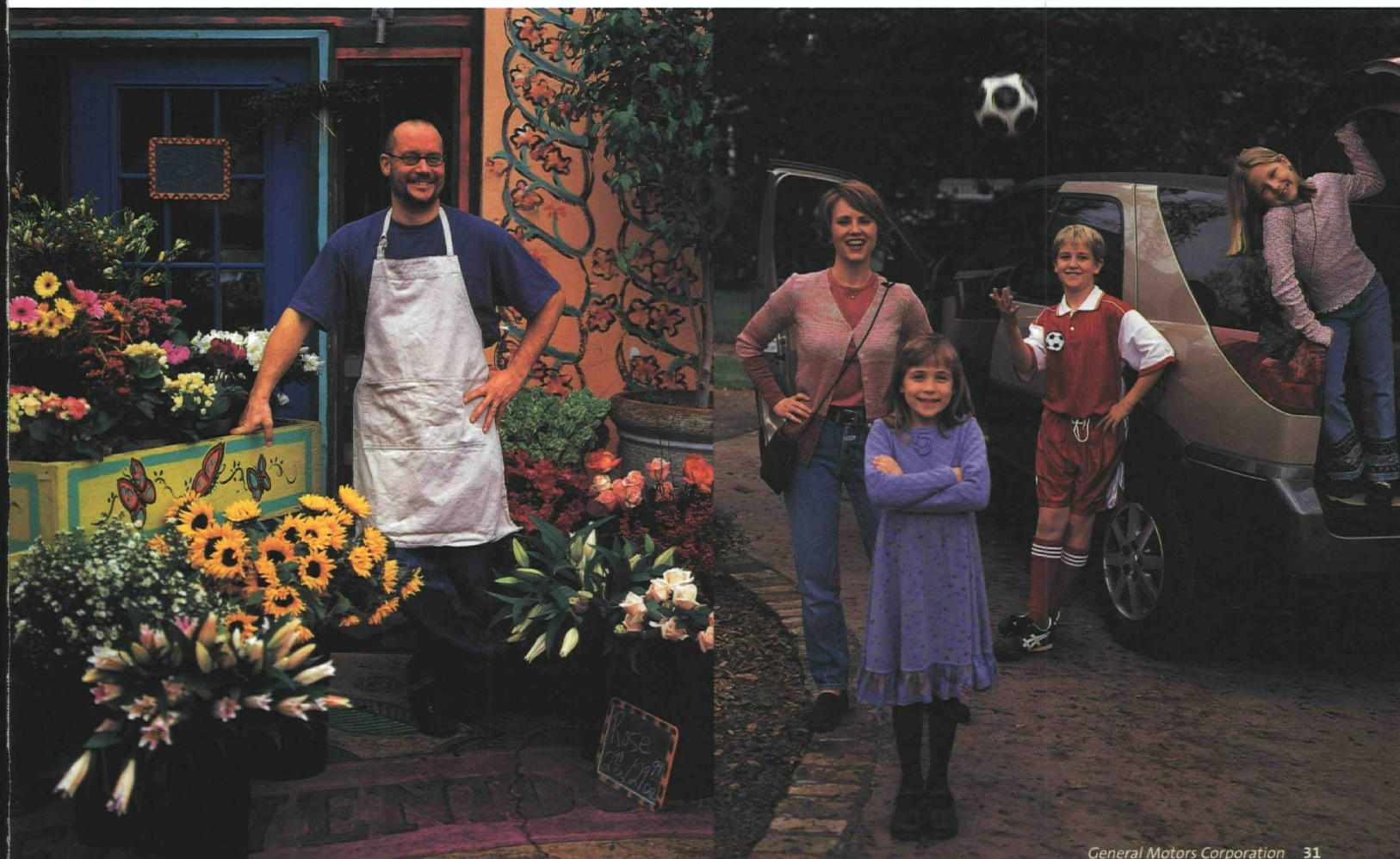


financial depth

GMAC From buying a car to financing a home or business to handling insurance needs, you can turn to GMAC Financial Services. One of the largest and most successful financial services companies, GMAC is a family of companies ready to help customers with crucial decisions that affect their lifestyles and wallets. Services include automotive financing for

dealers and consumers; insurance for dealers, homeowners, and vehicles; residential mortgages, real estate, and relocation services; commercial mortgages and financing. While providing these services to individuals and businesses, GMAC contributes significant financial strength to General Motors. In 2001, GMAC recorded its seventh consecutive

year of annual earnings growth, and its third straight year of record earnings. With 29,000 employees in 41 countries, GMAC has the financial strength, diverse offerings, and experience to provide customers throughout the world with a broad spectrum of services.



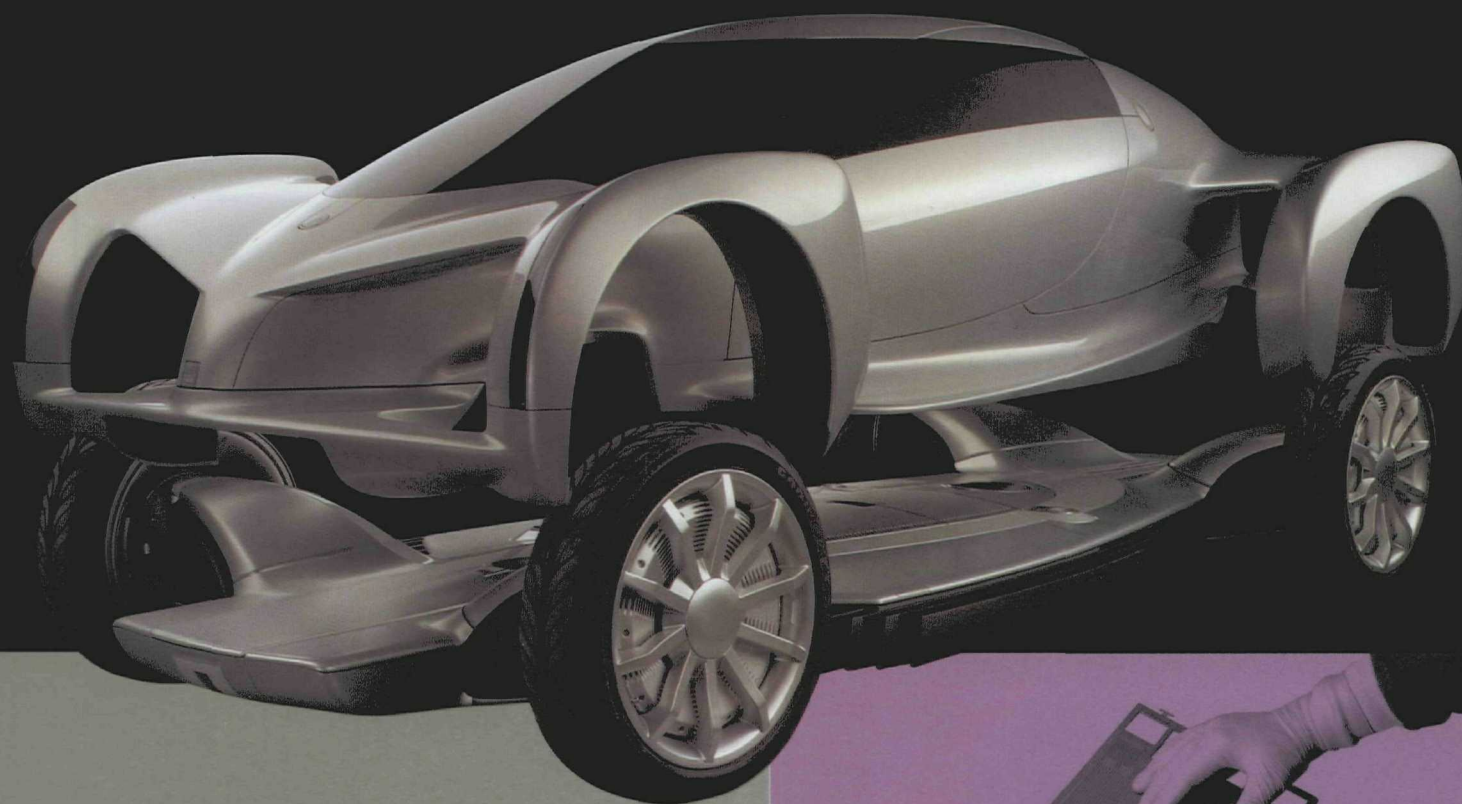


We see an exciting future. There are hurdles to clear, but GM is setting its course with a passion for discovery and a new commitment to exciting design. Our newest concept vehicles are just the beginning, from the Pontiac Solstice to the Chevrolet Bel Air; from the Saab 9X, which combines a coupe, a roadster, a wagon, and a pickup into a single sports car experience, to the Cadillac Cien. And with the AUTOnomy hydrogen-powered concept, our eyes are on the horizon. Our vision is to realize a future where ingenuity and commitment can redefine what's possible in the automotive industry. This is the opportunity for GM: Imagine it. We have the ability, the resources, and the drive to achieve it.

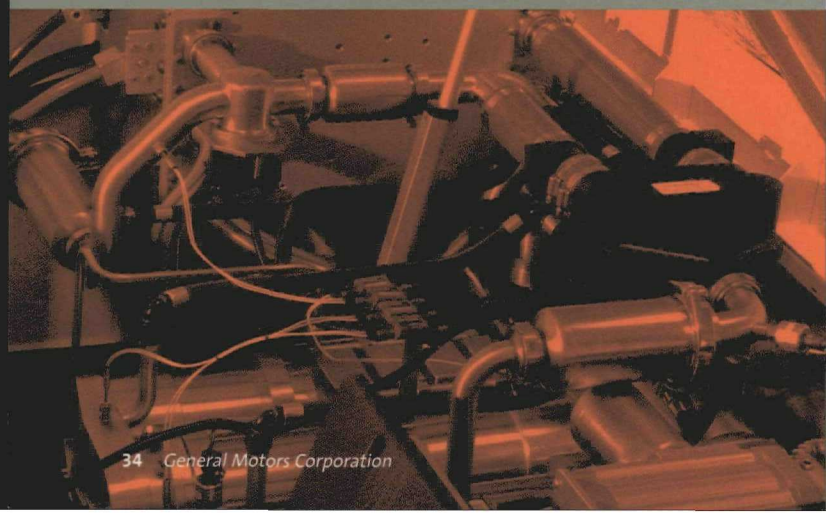
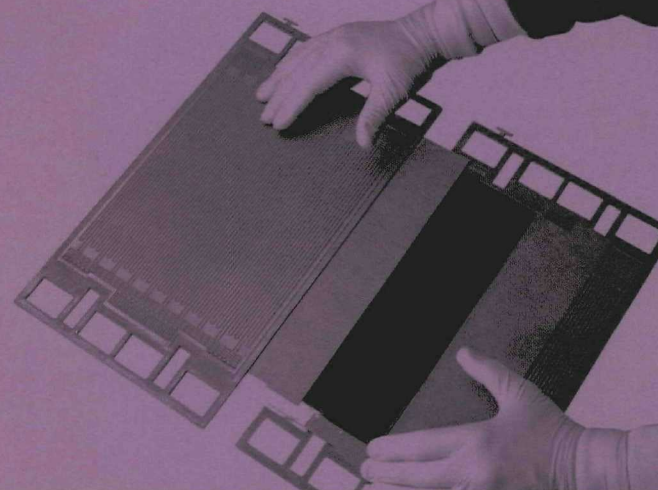


VISION





hydrogen converted



to electricity

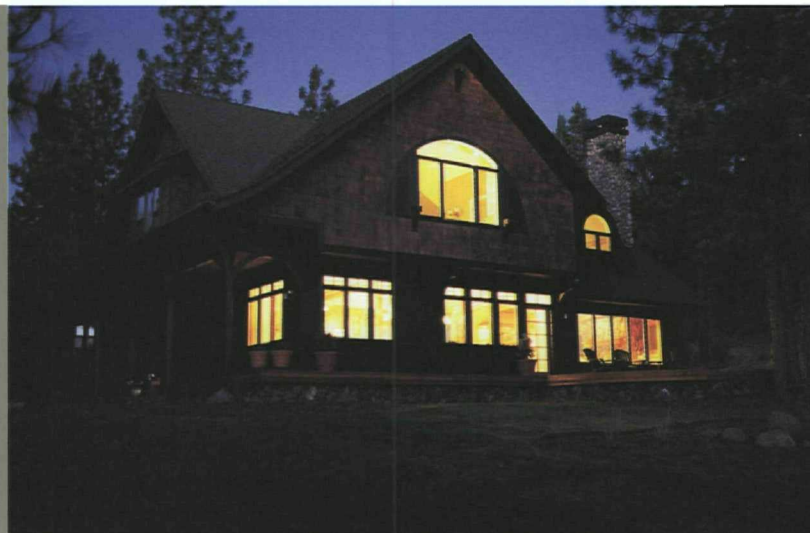
future power

Hydrogen economy GM is investing in a broad portfolio of technologies to achieve its ultimate vision of a hydrogen-based economy. GM has developed fuel cells powered by hydrogen that can run a variety of vehicles as well as stationary power generators, emitting only water vapor and heat as by-products. The

latest advancements are showcased in AUTOnomy, shown at the upper left. AUTOnomy is the first concept vehicle that captures the vision and potential of where fuel-cell technology will lead the industry. It's the first vehicle designed from the ground up around a fuel-cell propulsion system and the first to

combine fuel cells with electronically controlled steering and braking. With all of its propulsion and control systems contained within a six-inch-thick skateboard-like chassis, designers have a high degree of flexibility in developing a variety of body configurations.

powers your vehicle



and your home

imagine tomorrow

Concept cars GM designers, including Chris Webb and Gillian Davey, pictured below, are recapturing the glory of GM's past and creating a bright future by bringing to life their imagination of tomorrow. Building on the momentum created by the successful transition to production of recent highly acclaimed concept vehicles, GM quickly developed

new spectacular concept cars. Among them are the Pontiac Solstice (bottom), a lightweight, two-seat roadster that celebrates the allure of open-air motor-ing. The V12-powered Cien (center) is a glimpse at what a future halo car for Cadillac could be, and symbolizes Cadillac's 2002 Centennial celebration. The two-door Chevrolet Bel Air con-

vertible (top) celebrates an American icon in a manner reminiscent of the 1950s originals. The Saab 9X (see pages 32-33) combines sporty styling with multi-dynamic features to demonstrate that all-wheel-drive vehicles with off-road capabilities can retain on-the-road appeal.





(GMNA)**Business Description**

Designs, manufactures, and markets vehicles for the U.S., Canadian, Mexican, Central American, Puerto Rican, and Caribbean markets, as well as worldwide exports; provides after-market products and services. GMNA has 100 manufacturing, assembly, and warehousing facilities

Brands:

Buick, Cadillac, Chevrolet, GMC, Hummer, Oldsmobile, Pontiac, Saab, Saturn

Market share:

U.S. 28.1%

Total GMNA 27.6%

202,000 employees

Headquarters:

Detroit, Michigan, USA

2001 Highlights

- Led North American industry with sales of 5,187,000 vehicles
- Increased U.S. market share for the first time since 1990
- Achieved truck-sales leadership in the United States
- Set records for overall U.S. truck and SUV sales
- Launched seven new models and introduced new innovative concept cars
- Improved manufacturing productivity more than 8.5%
- Scored an 11% improvement in the 2001 J.D. Power and Associates Initial Quality Study, leading all U.S. manufacturers

GM Europe (GME)**Business Description**

Designs, manufactures, and markets vehicles for Europe and export markets. GME has sales operations in 27 countries and 10 production and assembly facilities in seven countries in Europe

Brands:

Opel, Vauxhall, Saab, Cadillac, Chevrolet

Market share:

West/Central Europe 9.9%

Total Europe 9.2%

73,000 employees

Headquarters:

Zurich, Switzerland

2001 Highlights

- Launched six new vehicles and introduced four exciting new concept vehicles
- Substantially improved durability and reliability
- Began selling Opel vehicles in Germany via the Internet
- Presented the HydroGen 3 fuel cell concept, the successor to the Zafira-based HydroGen 1, which set a total of 15 international records for fuel cell vehicles in high-temperature tests in 2001
- Formed Purchasing and Powertrain joint venture companies with Fiat
- Established a joint venture for vehicle production with AvtoVaz in Russia

GM Latin America/Africa/Mid-East (GMLAAM)**Business Description**

Designs, manufactures, markets, and services vehicles for the Latin America, Africa, Middle East, and export markets. GMLAAM has manufacturing and assembly operations in 11 countries

Brands:

Cadillac, Chevrolet, GMC, Isuzu, Opel, Saab, Suzuki

Market share:

Total GMLAAM 17.2%

Latin America 22.4%

Africa/Middle East 9.6%

23,000 employees

Headquarters:

Miramar, Florida, USA

2001 Highlights

- Regained vehicle sales leadership, increased market share, and completed 18 new product launches in Latin America
- Maintained longstanding truck leadership in Latin America and Africa, as well as total market leadership in Colombia, Ecuador, and Venezuela
- First-year sales of the Chevrolet Celta established retail and e-commerce sales records in Brazil with more than 70% of transactions completed online
- Launched six new vehicles and increased sales by 10% in the Middle East
- Implemented GM-Fiat powertrain and purchasing joint ventures in Brazil

GM Asia Pacific (GMAP)



Business Description

Designs, manufactures, and markets vehicles for the Asia Pacific region and export markets. Automotive facilities and sales operations in 14 countries. Main manufacturing and assembly operations located in Australia, China, Indonesia, India, Japan, and Thailand

Brands:

Buick, Cadillac, Chevrolet, Holden, Isuzu, Opel, Saab

Market share: 3.9%

11,000 employees

Headquarters:

Singapore

2001 Highlights

- 20 product launches in various markets, including the Chevrolet Cruze in Japan and the Buick Sail in China
- Australia-based Holden maintained consistent market leadership
- Significant quality gains, including China Buick GL8 emerging as the leader in J.D. Power's Initial Quality Study
- GM AutoWorld established 133 outlets in five markets, covering eight GM and alliance-partner brands

GMAC Financial Services



Business Description

Provides a broad range of financial and related services to help individuals and businesses throughout the world:

Automotive financing for dealers and consumers

Insurance for dealers; home, vehicle, and mechanical protection coverage for consumers

Residential mortgages; real estate and relocation services

Commercial mortgages

Commercial financing

Market share:

Almost 50% of all GM vehicles bought or leased are financed through dealers and GMAC

29,000 employees in 41 countries

Headquarters:

Detroit, Michigan, USA

2001 Highlights

- Third straight year of record earnings
- Continued dealer-satisfaction gains with J.D. Power scores of 89%, up 35 points in four years
- SmartAuction, an Internet marketing channel for dealers, sold 150,000 units and expects double-digit percentage increases for 2002
- Record earnings for Commercial Mortgage along with a servicing portfolio increase of 50%, firming up its number-one industry spot

Allison Transmission Division

World leader in the design, manufacture, and sales of commercial-duty automatic transmissions, hybrid propulsion systems, and related parts and services for on-highway trucks and buses, off-highway equipment, and military vehicles

Market share: 80% of all medium- and heavy-duty commercial automatic transmissions produced and sold worldwide
4,800 employees

Headquarters:
Indianapolis, Indiana, USA

2001 Highlights

- Revenues increased 35% over 2000 as production, sales, and profits set records
- Two Allison-powered hybrid electric buses completed one year of revenue service in Orange County, California
- Successful production start-up and acceleration at Baltimore and Hungary plants
- Awarded 17 patents

GM Locomotive Group (GMLG)

Electro-Motive

Produces diesel-electric locomotives, medium-speed diesel engines, and locomotive components

Market share: 47%

3,500 employees

Central operations:
LaGrange, Illinois, USA

2001 Highlights

- Sold 417 locomotives to the Union Pacific Railroad
- Achieved certification to operate locomotives in six European countries

GM Defense

Produces light armored military vehicles and turret systems

1,850 employees

Central operations:
London, Ontario, Canada

2001 Highlights

- Accelerated production of the \$4 billion light armored vehicle order for the U.S. Army
- Made inroads into key international markets

GM Service and Parts Operations

Markets and distributes automotive parts and accessories and various forms of automotive service merchandising, under various GM, Goodwrench, and ACDelco brand names and provides service support to GM dealers

Largest competitor in the automotive aftermarket

12,000 employees

Headquarters:
Grand Blanc, Michigan, USA

2001 Highlights

- 35% improvement in employment safety metrics
- GM Accessory sales increase of 44% over 2000
- Opened new Parts Distribution Centers in Ohio and West Virginia
- Launched Quick Lube Centers, Autobody Centers, and Tire on a Roll programs at participating dealerships

OnStar

Provides in-vehicle safety, security, and information services through wireless communication and Global Positioning System (GPS) satellite technology for the U.S. and Canadian markets

400 employees

Headquarters:
Troy, Michigan, USA

2001 Highlights

- Increased the subscriber base to nearly two million
- Expanded OnStar Personal Calling and Virtual Advisor services to entire United States
- Coordinated launch of XM Satellite Radio on GM vehicles
- Reached business agreements with Audi, Subaru, and Isuzu

The following management's discussion and analysis of financial condition and results of operations (MD&A) should be read in conjunction with the Hughes Electronics Corporation (Hughes) consolidated financial statements and MD&A for the period ended December 31, 2001, included as Exhibit 99 to this GM Annual Report on Form 10-K for the period ended December 31, 2001, and related Hughes Annual Report on Form 10-K filed separately with the Securities and Exchange Commission (SEC); and the General Motors Acceptance Corporation (GMAC) Annual Report on Form 10-K for the period ended December 31, 2001, filed separately with the SEC. All earnings per share amounts included in the MD&A are reported as diluted.

GM presents separate financial information for the following businesses: Automotive, Communications Services, and Other Operations (ACO) and Financing and Insurance Operations.

GM's reportable operating segments within its ACO business consist of:

- GM Automotive (GMA), which is comprised of four regions: GM North America (GMNA), GM Europe (GME), GM Latin America/Africa/Mid-East (GMLAAM), and GM Asia Pacific (GMAP);
- Hughes, which includes activities relating to digital entertainment, information and communications services, and satellite-based private business networks; and
- Other, which includes the design, manufacturing and marketing of locomotives and heavy-duty transmissions, the elimination of intersegment transactions, certain non-segment specific revenues and expenditures, and certain corporate activities.

GM's reportable operating segments within its Financing and Insurance Operations business consist of GMAC and Other Financing, which includes financing entities operating in the U.S., Canada, Brazil, and Mexico that are not associated with GMAC.

The disaggregated financial results for GMA have been prepared using a management approach, which is consistent with the basis and manner in which GM management internally disaggregates financial information for the purpose of assisting in making internal operating decisions. In this regard, certain common expenses were allocated among regions less precisely than would be required for stand-alone financial information prepared in accordance with accounting principles generally accepted in the U.S. (GAAP) and certain expenses (primarily certain U.S. taxes related to non-U.S. operations) were included in the ACO segment. The financial results represent the historical information used by management for internal decision making purposes; therefore, other data prepared to represent the way in which the business will operate in the future, or data prepared on a GAAP basis, may be materially different.

Results of Operations

For the year ended December 31, 2001, income from continuing operations for the Corporation was \$601 million, or \$1.77 per share of GM \$1-2/3 par value common stock, compared

with \$4.5 billion and \$5.6 billion, or \$6.68 and \$8.53 per share of GM \$1-2/3 par value common stock, for 2000 and 1999, respectively. Income from continuing operations includes the special items on an after-tax basis outlined below:

List of Special Items – After Tax

	(Dollars in millions)										
	GMNA	GME	GMLAAM	GMAP	Total GMA	Hughes	Other	Total ACO	GMAC	Other Financing	Total GM
Year ended December 31, 2001											
Reported Net Income (Loss)	\$1,270	\$ (765)	\$ (81)	\$ (57)	\$ 367	\$ (618)	\$ (916)	\$ (1,167)	\$1,786	\$ (18)	\$ 601
Ste. Therese Charge (A)	194	—	—	—	194	—	—	194	—	—	194
Raytheon Settlement (B)	—	—	—	—	—	—	474	474	—	—	474
Gain on Sale of Thomson (C)	—	—	—	—	—	(67)	—	(67)	—	—	(67)
SkyPerfecTV! Writedown (D)	—	—	—	—	—	133	—	133	—	—	133
Severance Charge (E)	—	—	—	—	—	40	—	40	—	—	40
DIRECTV Japan Adjustment (F)	—	—	—	—	—	(21)	—	(21)	—	—	(21)
Isuzu Restructuring (G)	—	—	—	133	133	—	—	133	—	—	133
SFAS 133 Adjustment (H)	14	(2)	1	1	14	8	—	22	(34)	—	(12)
Adjusted Income (Loss)	\$1,478	\$ (767)	\$ (80)	\$ 77	\$ 708	\$ (525)	\$ (442)	\$ (259)	\$1,752	\$ (18)	\$ 1,475
Year ended December 31, 2000											
Reported Net Income (Loss)	\$3,174	\$ (676)	\$ 26	\$ (233)	\$2,291	\$ 829	\$ (281)	\$ 2,839	\$1,602	\$ 11	\$ 4,452
Phase-out of Oldsmobile Charge (I)	939	—	—	—	939	—	—	939	—	—	939
Postemployment Benefits Charge (J)	294	—	—	—	294	—	—	294	—	—	294
Capacity Reduction Adjustment (K)	—	419	—	—	419	—	—	419	—	—	419
Satellite Businesses Gain (L)	—	—	—	—	—	(1,132)	—	(1,132)	—	—	(1,132)
Adjusted Income (Loss)	\$4,407	\$ (257)	\$ 26	\$ (233)	\$3,943	\$ (303)	\$ (281)	\$ 3,359	\$1,602	\$ 11	\$ 4,972
Year ended December 31, 1999											
Reported Net Income (Loss)	\$4,857	\$ 423	\$ (81)	\$ (218)	\$4,981	\$ (270)	\$ (669)	\$ 4,042	\$1,527	\$ 7	\$ 5,576
Postemployment Benefits Adjustment (M)	(553)	—	—	—	(553)	—	—	(553)	—	—	(553)
Hourly Retiree Benefits Charge (N)	257	—	—	—	257	—	151	408	—	—	408
Termination Benefits Charge (O)	39	—	—	—	39	—	35	74	16	—	90
Wireless Business Charge (P)	—	—	—	—	—	165	—	165	—	—	165
Adjusted Income (Loss)	\$4,600	\$ 423	\$ (81)	\$ (218)	\$4,724	\$ (105)	\$ (483)	\$ 4,136	\$1,543	\$ 7	\$ 5,686

(A) The Ste. Therese Charge relates to asset impairments and postemployment costs for termination and other postemployment benefits associated with the announcement of the closing of the Ste. Therese, Quebec assembly plant.

(B) The Raytheon Settlement relates to Hughes' settlement with the Raytheon Company on a purchase price adjustment related to Raytheon's 1997 merger with Hughes Defense.

(C) The Gain on Sale of Thomson relates to Hughes' sale of 4.1 million shares of Thomson Multimedia common stock.

(D) The SkyPerfecTV! Writedown relates to Hughes' non-cash charge from the revaluation of its investment.

(E) The Severance Charge relates to Hughes' 10% company-wide workforce reduction in the U.S.

(F) The DIRECTV Japan Adjustment relates to a favorable adjustment to the expected costs associated with the shutdown of Hughes' DIRECTV Japan business.

(G) The Isuzu Restructuring charges include GM's portion of severance payments and asset impairments that were part of the restructuring of its affiliate Isuzu Motors Ltd.

(H) The SFAS 133 Adjustment represents the net impact during the first quarter of 2001 from the initial adoption of SFAS No. 133, "Accounting for Derivatives and Hedging Activities."

(I) The Phase-out of Oldsmobile Charge relates to the costs associated with GM's decision to phase-out the Oldsmobile division as the current model lineup product lifecycles come to an end, or when the models are no longer economically viable.

(J) The Postemployment Benefits Charge relates to postemployment costs for termination and other postemployment benefits associated with four North American manufacturing facilities slated for conversion and capacity reduction (Oklahoma City, Oklahoma; Delta Engine, Lansing, Michigan; Spring Hill, Tennessee; and Wilmington, Delaware).

(K) The Capacity Reduction Adjustment relates to costs associated with the reduction in production capacity, including the restructuring of Vauxhall Motors Limited's manufacturing operations in the U.K.

(L) The Satellite Businesses Gain relates to the sale of Hughes' satellite systems manufacturing businesses to The Boeing Company.

(M) The Postemployment Benefits Adjustment relates to the reversal of a liability for benefits payable to excess U.S. hourly employees.

(N) The Hourly Retiree Benefits Charge relates to the benefit increase granted to hourly retirees in connection with the 1999 UAW agreement.

(O) The Termination Benefits Charge relates to a U.S. salaried early retirement program. Approximately 1,700 people (100 executives) elected participation in this program.

(P) The Wireless Business Charge relates to Hughes' decision to discontinue certain of its wireless manufacturing operations at Hughes Network Systems.

Results of Operations (continued)

Vehicle Unit Deliveries of Cars and Trucks – GMA

(Units in thousands)	Years ended December 31,								
	2001			2000			1999		
	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry	Industry	GM	GM as a % of Industry
United States									
Cars	8,455	2,272	26.9%	8,857	2,532	28.6%	8,700	2,591	29.8%
Trucks	9,020	2,632	29.2%	8,957	2,421	27.0%	8,718	2,426	27.8%
Total United States	17,475	4,904	28.1%	17,814	4,953	27.8%	17,418	5,017	28.8%
Canada, Mexico, and Other	2,775	686	24.7%	2,781	707	25.4%	2,525	666	26.4%
Total GMNA	20,250	5,590	27.6%	20,595	5,660	27.5%	19,943	5,683	28.5%
GME	19,632	1,801	9.2%	20,158	1,856	9.2%	20,252	1,974	9.7%
GMLAAM	3,861	663	17.2%	3,664	605	16.5%	3,342	539	16.1%
GMAP	12,884	506	3.9%	12,880	476	3.7%	11,975	455	3.8%
Total Worldwide	56,627	8,560	15.1%	57,297	8,597	15.0%	55,512	8,651	15.6%

Wholesale Sales

(Units in thousands)	Years ended December 31,		
	2001	2000	1999
GMNA			
Cars	2,441	2,933	2,992
Trucks	2,746	2,842	2,882
Total GMNA	5,187	5,775	5,874
GME			
Cars	1,666	1,744	1,824
Trucks	94	135	144
Total GME	1,760	1,879	1,968
GMLAAM			
Cars	463	438	350
Trucks	203	196	173
Total GMLAAM	666	634	523
GMAP			
Cars	202	175	162
Trucks	258	283	259
Total GMAP	460	458	421
Total Worldwide	8,073	8,746	8,786

GMA Financial Review

GMA's income and margin adjusted to exclude special items (adjusted income and margin) was \$708 million and 0.5% for 2001, \$3.9 billion and 2.7% for 2000, and \$4.7 billion and 3.2% for 1999. The decrease in 2001 adjusted income and margin, compared with 2000, was primarily due to a decrease in wholesale sales volume and pricing pressures in North America and Europe. These unfavorable conditions were partially offset by cost structure improvements, also primarily in North America and Europe. The decrease in 2000 adjusted income and margin, compared with 1999, was primarily due to an increase in spending for product development activities, pricing pressures in North America and Europe, a decrease in wholesale sales volume, and unfavorable product mix, primarily in Europe. These unfavorable conditions were partially offset by cost structure improvements, primarily in North America.

GMA's total net sales and revenues adjusted to exclude special items (adjusted total net sales and revenues) were \$140.7 billion, \$148.1 billion, and \$146.1 billion for 2001, 2000, and 1999,

respectively. The decrease in 2001 adjusted total net sales and revenues, compared with 2000, was largely due to lower wholesale volumes and unfavorable net price in North America and Europe. Net price comprehends the percent increase/(decrease) a customer pays in the current period for the same comparably equipped vehicle over the price paid in the previous year's period. The increase in 2000 adjusted total net sales and revenues, compared with 1999, was largely due to growth initiatives, including OnStar and Service Parts Operations, which were partially offset by lower wholesale volumes and unfavorable net price in North America and Europe.

GMNA's adjusted income was \$1.5 billion, \$4.4 billion, and \$4.6 billion for 2001, 2000, and 1999, respectively. The decrease in 2001 adjusted income from 2000 was primarily due to unfavorable net price of (1.3)% year-over-year and lower wholesale sales volumes. The decrease was partially offset by favorable product mix and improvements in manufacturing costs due to performance efficiencies, material cost savings, and engineering productivity. The decrease in 2000 adjusted income from 1999 was primarily due to unfavorable net price of (0.7)% year-over-year and lower wholesale sales volumes. The decrease was partially offset by improvements in manufacturing costs due to performance efficiencies and material cost savings.

GME's adjusted loss was \$767 million for 2001, compared with an adjusted loss of \$257 million and adjusted income of \$423 million for 2000 and 1999, respectively. The increase in GME's 2001 adjusted loss from 2000 was due to a continued shift in sales mix from larger, more profitable vehicles to smaller, less profitable entries, as well as a decrease in wholesale sales volume and continued competitive pricing pressures. These decreases were partially offset by improved material and structural cost performance. The decrease in GME's 2000 adjusted income from 1999 was due to the weakening of the European industry, unfavorable sales mix, an increase in competitive pricing pressure, and a decrease in wholesale sales volume which was further impacted by the reduced availability of the new Corsa during the launch period.

GMLAAM's adjusted loss was \$80 million for 2001, compared with adjusted income of \$26 million and an adjusted loss of \$81 million for 2000 and 1999, respectively. The decrease in 2001 adjusted earnings, compared with 2000, was primarily due to material cost increases reflecting supplier cost pressures, man-

Results of Operations (continued)

ufacturing cost increases, and the devaluation of the currency in Argentina. These decreases were partially offset by nominal price increases and an increase in wholesale sales volumes. The increase in 2000 adjusted income, compared with 1999, was primarily due to nominal price increases and an increase in wholesale sales volumes. This was partially offset by an increase in manufacturing costs and material costs.

GMAP's adjusted income was \$77 million for 2001 compared with adjusted losses of \$233 million and \$218 million for 2000 and 1999, respectively. The increase in 2001 adjusted earnings, compared with 2000, was primarily due to GMAP's suspension of recording its share of Isuzu's losses. GM reduced its investment balance in Isuzu to zero in the second quarter of 2001 and GM does not intend to invest any additional capital in Isuzu or guarantee any obligation of Isuzu. In addition, there were equity income improvements from several joint ventures in the region, as well as slightly favorable price increases and increased wholesale sales volume. Increased adjusted losses for 2000, compared with 1999, were primarily due to increased equity losses at Isuzu which were partially offset by increased wholesale sales volumes.

GMA's effective income tax rate on an adjusted basis was 28.7%, 30.9%, and 31.7% for 2001, 2000, and 1999, respectively. GMA's effective income tax rate on a reported basis was 25.1%, 26.6%, and 32.0% for 2001, 2000, and 1999, respectively.

Hughes Financial Review

Total adjusted net sales and revenues were \$8.3 billion, \$8.7 billion, and \$7.6 billion for 2001, 2000, and 1999, respectively. The decrease in adjusted net sales and revenues in 2001, compared with 2000, was due to decreased revenues at PanAmSat Corporation (PanAmSat) and Hughes Network Systems (HNS), and as a result of the sale of the satellite systems manufacturing businesses to The Boeing Company on October 6, 2000. The decrease in adjusted net sales and revenues at PanAmSat was primarily due to a decline of new outright sales and sales-type lease transactions executed during 2001 compared to 2000. The decrease in adjusted net sales and revenues at HNS was primarily due to decreased shipments of DIRECTV receiving equipment due primarily to DIRECTV completing the conversion of PRIMESTAR By DIRECTV customers to the high-power DIRECTV service in 2000. These decreases were partially offset by an increase in adjusted net sales and revenues at the Direct-To-Home businesses that resulted from the addition of approximately 1.5 million net new subscribers in the United States and Latin America since December 31, 2000. The increase in adjusted net sales and revenues in 2000, compared with 1999, resulted from growth in the DIRECTV businesses from the addition of more than 2.3 million net new subscribers in the United States and Latin America from December 31, 1999 to December 31, 2000. PanAmSat also contributed to the increase in adjusted net sales and revenues primarily due to increased revenues from outright sales and sales-type lease transactions executed during 2000.

Hughes' adjusted losses were \$525 million, \$303 million, and \$105 million for 2001, 2000, and 1999, respectively. The increase in 2001 adjusted loss, compared with 2000, was primarily due to lower profits in 2001 from sales and sales-type lease transactions and higher operating costs at PanAmSat, increased costs associated with the rollout of new DIRECWAY services, lower profits resulting from decreased shipments of DIRECTV receiving equipment at HNS, the added cost of DIRECTV Broadband,

and increased depreciation and amortization expense due to various acquisitions in 2001 and capital expenditures for satellites and property. The increase in 2000 adjusted loss, compared with 1999, was primarily due to higher marketing costs at the Direct-To-Home businesses, increased depreciation and amortization expense due to 1999 acquisitions and additions to satellites and property, as well as increased interest expense as a result of increased average outstanding borrowings throughout the year.

GMAC Financial Review

GMAC's adjusted income was \$1.8 billion, \$1.6 billion, and \$1.5 billion for 2001, 2000, and 1999, respectively. Income from automotive and other financing operations totaled \$1.3 billion, \$1.1 billion, and \$1.1 billion in 2001, 2000, and 1999, respectively. The increase in adjusted income in 2001, compared with 2000, was primarily due to lower market interest rates and increased asset levels. These increases were partially offset by weakness in off-lease residual values, higher credit losses, and wider borrowing spreads that occurred in the wake of negative rating agency actions. In 2000, compared to 1999, increased financing volumes and asset levels were offset by the negative impact from the higher level of market interest rates. Income from insurance operations totaled \$200 million, \$220 million, and \$210 million in 2001, 2000, and 1999, respectively. The decrease in income in 2001, compared with 2000, was primarily due to a reduction in capital gains reflecting the general weakness in the equity markets. This decrease was partially offset by improved underwriting results. The increase in income in 2000, compared with 1999, was primarily due to improved operating results, higher investment income, and capital gains. Income from mortgage operations totaled \$331 million, \$327 million, and \$260 million in 2001, 2000, and 1999, respectively. The increase in income in 2001, compared with 2000, was primarily due to strong origination volumes and securitizations which kept pace with the large run-off of home mortgages that occurred during periods of high refinancing activity. Revenue growth during 2001 associated with strong residential loan originations, increases in the servicing portfolio, and realized gains on the sale and securitization of mortgage loans, were largely offset by impairment charges recorded on mortgage servicing rights due to higher mortgage prepayment experience. Pre-tax gains on securitizations of mortgage loans were \$1.0 billion, 37.6% and 65.0% higher than the gains in 2000 and 1999, respectively. The strong year-over-year performance in 2000, compared with 1999, reflects the benefit of strong international growth, lower cost of servicing, and increased mortgage originations during the second half of 2000.

Automotive and other financing revenue totaled \$15.1 billion in 2001, compared with \$15.5 billion and \$13.8 billion for 2000 and 1999, respectively. The decrease in revenue in 2001 was primarily due to a decline in asset earning rates during 2001, operating lease assets, and wholesale receivables, which were partially offset by an increase in retail receivables. The increase in 2000, compared with 1999, was mainly due to higher average retail, wholesale, and commercial and other loan receivable balances. Net premiums earned from insurance operations totaled \$2.0 billion, \$1.9 billion, and \$1.8 billion in 2001, 2000, and 1999, respectively. The increase in 2001, compared with 2000, was primarily due to expanding customer relationships in assumed reinsurance business and strong volume in dealer vehicle inventory insurance. The increase in 2000, compared with 1999, was

Results of Operations (concluded)

due to premium growth across all business lines. Mortgage revenue totaled \$5.3 billion, \$3.9 billion, and \$3.0 billion in 2001, 2000, and 1999, respectively. The increase in revenue in 2001, compared with 2000 and 1999, was primarily attributed to stronger lending volumes, loan originations, securitizations, and an increase in the servicing portfolio reflecting significant refinancing activity prompted by the decline in interest rates observed throughout most of 2001. Other income, including gains and fees related to sold finance receivables, totaled \$3.0 billion, \$2.4 billion, and \$1.7 billion in 2001, 2000, and 1999, respectively. The increase in 2001, compared with 2000, was the result of increased income from increased securitization levels of retail and wholesale receivables. Additionally, interest income increased due to the increase in cash and cash equivalents in 2001. The increase in 2000, compared to 1999, was primarily attributable to increases in interest and servicing fees, factoring commissions, and other servicing fees.

Liquidity and Capital Resources

Financing Structure

In 2001, GM and GMAC experienced excellent access to the capital markets as GM and GMAC were able to issue various securities to raise capital and extend borrowing terms consistent with GM's need for financial flexibility. Although downgrades to GM's and GMAC's credit ratings have reduced GM's and GMAC's access to the commercial paper market, the amount of commercial paper available to GM and GMAC remains sufficient to meet the Corporation's capital needs. Moreover, the downgrades have not had a significant adverse effect on GM's and GMAC's ability to issue long-term public debt, to obtain bank debt, or to sell asset-backed securities. Accordingly, GM and GMAC expect that they will continue to have excellent access to the capital markets sufficient to meet the Corporation's needs for financial flexibility.

As an additional source of funds, GM currently has unrestricted access to a \$5.6 billion line of credit with a syndicate of banks which is committed through June 2006. Similarly, GMAC has a \$7.4 billion line of credit, committed through June 2002, and an additional \$7.4 billion committed through June 2006. GMAC currently plans to seek renewal of the line of credit committed through June 2002.

On March 6, 2002, GM issued \$3.8 billion of convertible debt securities as part of a comprehensive effort to improve the Corporation's financial flexibility. The offering includes \$1.2 billion principal amount of 4.5% Series A Convertible Senior Debentures due 2032 and \$2.6 billion principal amount of 5.25% Series B Convertible Senior Debentures due 2032. The securities mature in 30 years and are convertible into GM \$1-2/3 common stock once specific conditions are satisfied. The proceeds of the offering, combined with other cash generation initiatives, will be used to rebuild GM's liquidity position, reduce its underfunded pension liability, and fund its postretirement health care obligations.

Automotive, Communications Services, and Other Operations

At December 31, 2001, cash, marketable securities, and \$3.0 billion of assets of the Voluntary Employees' Beneficiary Association (VEBA) trust invested in fixed-income securities totaled \$12.2 billion, compared with \$13.3 billion at December 31, 2000.

The decrease from December 31, 2000 was primarily due to capital expenditures, GM's purchase of an additional 10% equity stake in Suzuki for \$493 million, an equity injection into GMAC of \$500 million, and an overall decrease in earnings. These items were partially offset by improvements in managed working capital. Total assets in the VEBA trust used to pre-fund part of GM's other postretirement benefits liability approximated \$4.9 billion and \$6.7 billion at December 31, 2001 and 2000, respectively. GM previously indicated that it had a goal of maintaining \$13.0 billion of cash and marketable securities in order to continue funding product development programs throughout the next downturn in the business cycle. This \$13.0 billion target includes cash to pay certain costs that were pre-funded in part by VEBA contributions.

Net liquidity excluding Hughes was \$1.0 billion as cash, marketable securities, and \$3.0 billion of assets of the VEBA trust invested in fixed-income securities exceeded loans payable and long-term debt at December 31, 2001, a decrease of \$2.5 billion from the prior year.

In order to provide financial flexibility to GM and its suppliers, GM maintains a two-part financing program through General Electric Capital Corporation (GECC) pursuant to a Trade Payables Agreement with GM wherein GECC (1) purchases GM receivables at a discount from GM suppliers prior to the due date of those receivables, and pays on behalf of GM the amount due on other receivables which have reached their due date (the first part) and (2) from time to time allows GM to defer payment to GECC with respect to all or a portion of receivables which it has purchased or paid on behalf of GM, which deferral lasts generally up to 40 days.

To the extent GECC can realize favorable economics from transactions arising in the first part of the program, they are shared with GM. Whenever GECC and GM agree that GM will defer payment beyond the normal due date for receivables under the second part of the program, GM becomes obligated to pay interest for the period of such deferral. Outstanding balances of GM receivables held by GECC are classified as accounts payable in GM's financial statements. If any of GM's long-term unsecured debt obligations become subject to a rating by S&P of BBB- (GM's current rating is BBB+) with a negative outlook or below BBB-, or a rating by Moody's of Baa3 (GM's current rating is A3) with a negative outlook or below Baa3, the first part of the program would be unavailable to GM and its suppliers. If any of GM's long-term unsecured debt obligations become subject to a rating by S&P of BBB or lower, or a rating by Moody's of Baa2 or lower, the second part of the program would be unavailable to GM. The maximum amount permitted under the program is \$2 billion. At December 31, 2001, the outstanding balance under the first part of the program amounted to approximately \$495 million, and the outstanding balance under the second part of the program was \$1.2 billion.

Long-term debt was \$10.7 billion and \$7.4 billion at December 31, 2001 and 2000, respectively. The ratio of long-term debt to long-term debt and GM's net assets of Automotive, Communications Services, and Other Operations was 72.6% and 30.8% at December 31, 2001 and 2000, respectively. The ratio of long-term debt and short-term loans payable to the total of this debt and GM's net assets of Automotive, Communications Services, and Other Operations was 76.5% and 36.6% at December 31, 2001 and 2000, respectively.

Liquidity and Capital Resources (continued)

Beginning January 2004, Fiat S.p.A. (Fiat) has the right to exercise a put option to require GM to purchase 80% of Fiat Auto B.V. (Fiat Auto) at fair market value. The put expires on July 24, 2009. The process for establishing the value that would be paid by GM to Fiat involves the determination of "Fair Market Value" by investment banks that would be retained by the parties pursuant to provisions set out in the Master Agreement between GM and Fiat, which has been made public in filings with the SEC. As a result of GM's purchase of the initial 20% investment in Fiat Auto for \$2.4 billion in the July 2000 transaction, some have suggested a valuation of \$9.6 billion for the other 80% of Fiat Auto. However, Exhibit 8.03(a)(iii) to the Master Agreement states that "in determining the Fair Market Value of the Put Shares, the price [\$2.4 billion] paid by General Motors for its initial 20% interest in Fiat Auto shall not be considered."

Until a valuation is actually performed in accordance with provisions of the Master Agreement, the amount that GM may pay for 80% of Fiat Auto is not quantifiable. This is due in large part to the fact that there are many variables that could cause such a determination to rise or fall, including, but not limited to, the operating results and prospects of Fiat Auto, such factors as the timing of any possible exercise of the put, regional and global economic developments and those in the automotive industry, developments specific to the business of Fiat Auto, the resolution of any antitrust issues arising in the context of such a transaction and other legislative developments in the countries in which Fiat Auto and GM conduct their business operations. Fiat Auto has recently announced a major restructuring, including a significant write-off, all of which may be relevant to any prospective valuation of Fiat Auto. Recently, Fiat stated that it expects Fiat Auto to return to profitability by the end of 2002 and that it does not plan to sell Fiat Auto to GM.

If the put were exercised, GM would have the option to pay for the 80% interest in Fiat Auto entirely in shares of GM \$1-2/3 par value common stock, entirely in cash, or in whatever combination thereof GM may choose. To the extent GM chooses to pay in cash, that portion of the purchase price may be paid to Fiat in four installments over a three-year period. GM would expect to fund any such payments from normal operating cash flows or financing activities. At this time it cannot be determined what the effects of the exercise of the put would be, if it ever occurs during the next eight years; however, if it is exercised, it could have a material effect on GM at or after the time of exercise.

Financing and Insurance Operations

At December 31, 2001, GMAC owned assets and serviced automotive receivables totaling \$220.1 billion, compared with \$185.7 billion at December 31, 2000. Total consolidated assets of GMAC at December 31, 2001 were \$192.7 billion, compared with \$168.5 billion at December 31, 2000. The increases were primarily due to increases in serviced retail receivables, cash and cash equivalents, mortgages held for sale, other assets, mortgage lending receivables, mortgage loans held for investment, due and deferred from receivable sales, and mortgage servicing rights. These increases were partially offset by decreases in serviced wholesale receivables, operating lease assets, receivables due from ACO, and factored receivables.

Total automotive and commercial finance receivables serviced by GMAC, including sold receivables, amounted to \$130.6 billion and \$112.5 billion at December 31, 2001 and 2000, respectively. The year-to-year increase was primarily due to a \$24.3 billion increase in serviced retail receivables, which was partially offset by a \$5.3 billion decrease in serviced wholesale receivables. Continued increased GM-sponsored retail financing incentives contributed to the rise in serviced retail receivables. The decrease in serviced wholesale receivables was due to lower dealer inventory levels. Principal balances of active trusts of sold wholesale receivables (including retained subordinated interests) increased \$6.2 billion, due to the completion of three sales in 2001. Additionally, outstanding principal balances of sold retail automotive receivables (including retained subordinated interests) increased by \$3.5 billion due to the completion of five sales during 2001.

GMAC's liquidity, as well as its ability to profit from ongoing acquisition activity, is in large part dependent on its timely access to capital and the costs associated with raising funds in different segments of the capital markets. In this regard, GMAC regularly accesses the short-term, medium-term, long-term debt, and asset-backed securitization markets principally through commercial paper, notes, and underwritten transactions.

As of December 31, 2001, GMAC's total borrowings were \$152.0 billion compared with \$133.4 billion at December 31, 2000. The higher year-to-year debt balances were principally used to fund increased asset levels. Approximately 84% of this debt represented funding for operations in the United States, and the remaining 16% represented borrowings for operations in Canada (7%), the United Kingdom (3%), Germany (2%), and other countries (4%). GMAC's 2001 year-end ratio of total debt to total stockholder's equity was 9.4:1 compared to 9.5:1 at December 31, 2000. Total short-term debt outstanding at December 31, 2001 amounted to \$36.2 billion compared with \$56.9 billion at year-end 2000.

Off-Balance Sheet Arrangements

GM and GMAC use off-balance sheet special purpose entities ("SPEs") where the economics and sound business principles warrant their use. GM's principal use of SPEs occurs in connection with the securitization and sale of financial assets generated or acquired in the ordinary course of business by GM's wholly-owned subsidiary GMAC and its subsidiaries and, to a lesser extent, by GM. The assets securitized and sold by GMAC and its subsidiaries consist principally of mortgages, and wholesale and retail loans secured by vehicles sold through GM's dealer network. The assets sold by GM consist of trade receivables. GM and GMAC use SPEs in a manner consistent with conventional practices in the securitization industry, the purpose of which is to isolate the receivables for the benefit of securitization investors. The use of SPEs enables GM and GMAC to access the highly liquid and efficient markets for the sale of these types of financial assets when they are packaged in securitized forms.

GM leases real estate and equipment from various SPEs which have been established to facilitate the financing of those assets for GM by nationally prominent, creditworthy lessors. These assets consist principally of office buildings, warehouses, and machinery and equipment. The use of SPEs allows the parties providing the financing to isolate particular assets in a single entity and thereby syndicate the financing to multiple

Liquidity and Capital Resources (concluded)

third parties. This is a conventional financing technique used to lower the cost of borrowing and, thus, the lease cost to a lessee such as GM. There is a well-established market in which institutions participate in the financing of such property through their purchase of interests in these SPEs. All of the SPEs established to facilitate property leases to GM are owned by institutions which are truly independent of, and not affiliated with, GM. These institutions maintain substantial equity investments in their SPEs. No officers, directors or employees of GM, GMAC, or their affiliates hold any direct or indirect equity interests in such SPEs.

Assets in SPEs were as follows (dollars in millions):

December 31,	2001	2000
Automotive, Communications Services, and Other Operations		
Assets leased under operating leases	\$ 2,412	\$ 1,729
Trade receivables sold	868	897
Total	\$ 3,280	\$ 2,626
Financing and Insurance Operations		
Receivables sold or securitized:		
Mortgage loans	\$104,678	\$ 86,344
Retail finance receivables	11,978	6,957
Wholesale finance receivables	16,227	9,988
Total	\$132,883	\$103,289

Book Value Per Share

Book value per share was determined based on the liquidation rights of the various classes of common stock. Book value per share of GM \$1-2/3 par value common stock decreased to \$24.79 at December 31, 2001, from \$39.36 at December 31, 2000. Book value per share of GM Class H common stock decreased to \$4.96 at December 31, 2001, from \$7.87 at December 31, 2000.

Dividends

Dividends may be paid on common stocks only when, as, and if declared by GM's Board of Directors in its sole discretion. The amount available for the payment of dividends on each class of common stock will be reduced on occasion by dividends paid on that class and will be adjusted on occasion for changes to the amount of surplus attributed to the class resulting from the repurchase or issuance of shares of that class.

At December 31, 2001, the amount available for the payment of dividends on GM \$1-2/3 par value and GM Class H common stocks was \$10.1 billion and \$19.4 billion, respectively. GM's policy is to distribute dividends on its \$1-2/3 par value common stock based on the outlook and indicated capital needs of the business. Cash dividends per share of GM \$1-2/3 par value common stock were \$2.00 in 2001, 2000, and 1999. With respect to GM Class H common stock, the GM Board determined that it will not pay any cash dividends at this time in order to allow the earnings of Hughes to be retained for investment in the business of Hughes.

The dividends per share for the GM Series H 6.25% Automatically Convertible Preference Stock were \$35.1172 in 2001. On April 2, 2001, GM redeemed approximately 5 million

outstanding Series G 9.12% Depository Shares, each of which represented a one-fourth interest in a GM Series G Preference Stock, and 5 million outstanding Series G 9.87% Trust Originated Preferred SecuritiesSM (TOPrSSM) at a total redemption price that included accrued and unpaid dividends. The Series D preference stock was redeemed on May 2, 2000, and as a result, the amount paid on that date to the Series D shareholders of record included accrued and unpaid dividends as part of the total redemption price.

Euro Conversion

On January 1, 1999, 11 of 15 member countries of the European Union established fixed conversion rates between their existing currencies and adopted the euro as their new common currency. The euro traded on currency exchanges and the legacy currencies remained legal tender in the participating countries for a transition period until January 1, 2002. Beginning on January 1, 2002, euro-denominated bills and coins were issued and on February 28, 2002 legacy currencies were withdrawn from circulation.

The Corporation has reviewed and has made required modifications to applicable information technology systems and contracts based on the new currency. At December 31, 2001, the conversion to the euro has not resulted in any material adverse impact on GM's financial position or results of operations.

European Matters

During 2001, GM Europe announced its intention to turn around its business with the implementation of Project Olympia. The initial stages of Project Olympia sought to identify initiatives that could deliver:

- Solid and profitable business performance as of 2003
- A strengthened and optimized sales structure
- A revitalized Opel/Vauxhall brand
- Further market growth opportunities
- Continuous improvement by refocusing the organizational structure

The project identified several initiatives which aim to address the goals mentioned above. These initiatives, which include, among other things, reducing GM Europe's manufacturing capacity, restructuring the dealer network in Germany, and redefining the way vehicles are marketed, are in varying stages of planning and execution. The impact that such initiatives may have on the financial position and results of operations of GM is currently being assessed, and may include a charge to earnings in 2002.

During September 2000, the European parliament passed a directive requiring member states to adopt legislation regarding end-of-life vehicles and the responsibility of manufacturers for dismantling and recycling vehicles they have sold. European Union member states are required to transform the concepts detailed in the directive into national law by April 2002. Under the directive, manufacturers are financially responsible for at least a portion of the cost of the take-back of vehicles placed in service after July 2002 and all vehicles placed in service prior to July 2002 that are still in operation in January 2007. The laws developed

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in the individual national legislatures throughout Europe will have a significant impact on the amount ultimately paid by the manufacturers for this issue. Management is currently assessing the impact of this potential legislation on GM's financial position and results of operations, and may include a charge to earnings in 2002.

The European Commission has adopted a draft block exemption regulation that provides for a reform of the rules governing automotive distribution and service in Europe. The European Commission's proposal would eliminate the current block exemption in place since 1985 that permits manufacturers to control where their dealerships are located and the brands that they sell. The current block exemption expires in October 2002 however, there is a transition period until the end of September 2003 for existing agreements with dealers. GM is presently evaluating the effect this proposed regulation would have on its present distribution and aftermarket strategies.

Hughes/EchoStar Transactions

On October 28, 2001, GM and its wholly owned subsidiary Hughes, together with EchoStar Communications Corporation (EchoStar), announced the signing of definitive agreements that, subject to stockholder approval, regulatory clearance, and certain other conditions, provide for the split-off of Hughes from GM and the subsequent merger of the Hughes business with EchoStar. These transactions are designed to address strategic challenges currently facing the Hughes business and to provide liquidity and value to GM, which would help to support the credit position of GM after the transactions.

The split-off of Hughes from GM would occur by means of a distribution to the holders of GM Class H common stock of one share of Class C common stock of a Hughes holding company (that will own all of the stock of Hughes at the time of the split-off) in exchange for each share of GM Class H common stock held immediately prior to the split-off. Immediately following the split-off, the businesses of Hughes and EchoStar would be combined in the Hughes/EchoStar merger to form New EchoStar. Each share of the Hughes holding company Class C common stock shares would remain outstanding and become a share of Class C common stock of New EchoStar. Holders of Class A and Class B common stock of EchoStar would receive 1/0.73, or about 1.3699 shares of stock of the merged entity in exchange for each share of Class A or Class B common stock of EchoStar held prior to the Hughes/EchoStar merger.

The transactions are structured in a manner that will not result in the recapitalization of GM Class H common stock into GM \$1-2/3 par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in the General Motors Restated Certificate of Incorporation, as amended. The GM \$1-2/3 par value common stock would remain outstanding and would be GM's only class of common stock after the transactions.

As part of the transactions, GM would receive a dividend from Hughes of up to \$4.2 billion in cash and its approximately 30% retained economic interest in Hughes would be reduced by a commensurate amount. In addition, GM may achieve additional liquidity with respect to a portion of its retained economic interest in Hughes represented by up to 100 million shares of GM

Class H common stock (or, after the transactions, New EchoStar Class C common stock), including by exchanging such shares for GM outstanding obligations. Following these transactions, subject to IRS approval, and based on a number of assumptions, GM may retain an interest in the merged entity.

The transactions are subject to a number of conditions, including approval by a majority of each class of GM stockholders – GM \$1-2/3 and GM Class H – each voting separately as distinct classes and also voting together as a single class based on their respective per share voting power. The proposed transactions also are subject to antitrust clearance and approval by the Federal Communications Commission. In addition, the transactions are contingent upon the receipt of a favorable ruling from the IRS that the separation of Hughes from GM will be tax-free to GM and its stockholders for U.S. federal income tax purposes. The transactions are currently expected to close in the second half of 2002.

GM, Hughes, and EchoStar have agreed that, in the event that the transactions do not occur because certain specified regulatory-related conditions have not been satisfied, EchoStar will be required to purchase Hughes' interest in PanAmSat Corporation for an aggregate purchase price of approximately \$2.7 billion, which is payable, depending on the circumstances, solely in cash or in a combination of cash and either debt or equity securities of EchoStar. In addition, in the event that the transactions do not occur because certain of the specified regulatory clearances or approvals relating to United States antitrust and or federal communication commission matters have not been satisfied, EchoStar will be required to pay a \$600 million termination fee to Hughes. If the GM stockholders approve the transactions, and if GM receives the IRS ruling and the above-mentioned regulatory approvals, the financial results of Hughes will be reported as discontinued operations in GM's consolidated financial statements. GM would record a dividend of up to \$4.2 billion as a reduction in GM's investment in Hughes. GM would record the split-off of Hughes at fair value and would recognize a gain based on an implied exchange ratio of 0.73 shares of EchoStar Class A common stock in exchange for each share of GM Class H common stock, which is the inverse of the exchange ratio in the Hughes/EchoStar merger of 1/0.73, or about 1.3699, shares of New EchoStar Class A or Class B common stock in exchange for each share of EchoStar Class A or Class B common stock. Based upon the closing price of EchoStar Class A common stock of \$27.47 per share on December 31, 2001, the transaction would value Hughes' equity at \$27.6 billion, with a resulting after-tax gain of approximately \$14.0 billion based on the net book value of Hughes at December 31, 2001. In addition, GM currently anticipates that as a result of the split-off there would be a reduction of GM stockholders' equity of approximately \$3.6 billion based on stock prices at December 31, 2001. The actual gain or loss, as well as the actual impact to stockholders' equity, would be higher or lower depending on the actual EchoStar Class A common stock price and the net book value of Hughes at the time the transactions close. Depending upon whether shares of GM Series H 6.25% Automatically Convertible Preference Stock held by America Online, Inc. (AOL) have converted to GM Class H common stock prior to the closing, as they would mandatorily at June 24, 2002, the gain, assuming the same December 31, 2001 stock prices, could be increased by approximately 10%.

Employment and Payrolls

	At December 31,		
	2001	2000	1999
Worldwide employment (in thousands)			
GMNA	202	212	217
GME	73	89	91
GMLAAM	23	24	23
GMAP	11	11	10
GMAC	29	29	27
Hughes	14	12 ⁽¹⁾	11 ⁽¹⁾
Other	13	12	12
Total employees	365	389	391
Worldwide payrolls – continuing operations (in billions)	\$ 19.8	\$ 20.9 ⁽¹⁾	\$ 21.1 ⁽¹⁾
U.S. hourly payrolls (in billions) ⁽²⁾⁽⁴⁾	\$ 8.5	\$ 9.4	\$ 10.0
Average labor cost per active hour worked U.S. hourly ⁽³⁾⁽⁴⁾	\$57.76	\$52.16	\$50.51

(1) Amounts have been adjusted to exclude Hughes' employees transferred to The Boeing Company.

(2) Includes employees "at work" (excludes laid-off employees receiving benefits).

(3) Includes U.S. hourly wages and benefits divided by the number of hours worked.

(4) Amounts have been adjusted to exclude Hughes employees.

Significant Accounting Principles

The consolidated financial statements of GM are prepared in conformity with accounting principles generally accepted in the United States. The preparation of these financial statements requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. GM believes that of its significant accounting policies, the following may involve a higher degree of judgments, estimates, and complexity:

Sales Allowances – At the time of sale, GM records as a reduction of revenue the estimated impact of sales allowances in the form of dealer and customer incentives. There may be numerous types of incentives available at any particular time. This estimate is based upon the assumption that a certain number of vehicles in dealer stock will have a specific incentive applied against them. If the actual number of vehicles differs from this estimate, or if a different mix of incentives occurs, the sales allowances could be affected.

Policy and Warranty – Provisions for estimated expenses related to product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of warranty claims. Management actively studies trends of warranty claims and takes action to improve vehicle quality and minimize warranty claims. Management believes that the warranty reserve is appropriate; however, actual claims incurred could differ from the original estimates, requiring adjustments to the reserve.

Impairment of Long-Lived Assets – GM periodically reviews the carrying value of its long-lived assets held and used and assets to be disposed of, including goodwill and other intangible assets, when events and circumstances warrant such a review. This review is performed using estimates of future cash flows. If the carrying value of a long-lived asset is considered impaired, an impairment charge is recorded for the amount by which

the carrying value of the long-lived asset exceeds its fair value. Management believes that the estimates of future cash flows and fair value are reasonable; however, changes in estimates of such cash flows and fair value could affect the evaluations.

Employee Costs – Pension and other postretirement benefits costs and obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rates, health care cost trend rates, benefits earned, interest cost, expected return on plan assets, mortality rates, and other factors. In accordance with accounting principles generally accepted in the United States, actual results that differ from the assumptions are accumulated and amortized over future periods and, therefore, generally affect recognized expense and the recorded obligation in future periods. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect GM's pension and other postretirement obligations and future expense.

Postemployment Benefits – GM establishes reserves for termination and other postemployment benefit liabilities to be paid pursuant to union or other contractual agreements in connection with closed plants. The reserve is based on a comprehensive study that considers the impact of the annual production and labor forecast assumptions as well as redeployment scenarios. Management believes the assumptions used in the reserve are appropriate; however, changes in assumptions may affect the postemployment benefit liability.

Allowance for Credit Losses – The allowance for credit losses generally is established by GMAC during the period in which receivables are acquired and is maintained at a level considered appropriate by management based on historical and other factors that affect collectibility. These factors include the historical trends of repossessions, charge-offs, recoveries, and credit losses; the careful monitoring of portfolio credit quality, including the impact of acquisitions; and current and projected economic and market conditions. Different assumptions or changes in economic circumstances could result in changes to the allowance for credit losses.

Investments in Operating Leases – GMAC's investments in residual values of its leasing portfolio represent an estimate of the values of the assets at the end of the lease contract and are initially recorded based on appraisals and estimates. Management reviews residual values periodically to determine that recorded amounts are appropriate and the operating lease assets have not been impaired. GMAC actively manages the remarketing of off-lease vehicles to maximize the realization of their value. Changes in the value of the residuals or other external factors impacting GMAC's future ability to market the vehicles under prevailing market conditions may impact the realization of residual values.

Accounting for Derivatives and Other Contracts at Fair Value – The Corporation uses derivatives in the normal course of business to manage its exposure to fluctuations in commodity prices and interest and foreign currency rates. Effective January 1, 2001, the Corporation accounts for its derivatives on the Consolidated Balance Sheet as assets or liabilities at fair value in accordance with Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." Such accounting is complex, evidenced by significant interpretations of the primary accounting standard, which continues to evolve, as well as the significant judgments and estimates

Significant Accounting Principles (concluded)

involved in the estimating of fair value in the absence of quoted market values. These estimates are based upon valuation methodologies deemed appropriate in the circumstances; however, the use of different assumptions may have a material effect on the estimated fair value amounts.

New Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. This statement specifies that certain acquired intangible assets in a business combination be recognized as assets separately from goodwill and that existing intangible assets and goodwill be evaluated for these new separation requirements. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. In addition, this statement requires that goodwill be tested for impairment at least annually at the reporting unit level. The Corporation implemented SFAS No. 142 on January 1, 2002. In accordance with this statement, GM is not required to complete the transitional goodwill impairment test until June 30, 2002. The Corporation is evaluating but has not yet determined whether adoption of this statement will result in an impairment of goodwill. Management estimates that goodwill and indefinite lived intangible asset amortization required under previous accounting standards of \$383 million pre-tax (\$302 million after-tax) will not be charged to the income statement in 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Corporation is required to implement SFAS No. 143 on January 1, 2003. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The statement retains the previously existing accounting requirements related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. It also expands the previously existing reporting requirements for discontinued operations to include a component of an entity that either has been disposed of or is classified as held for sale. The Corporation implemented SFAS No. 144 on January 1, 2002. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

Forward-Looking Statements

In this report, in reports subsequently filed by GM with the SEC on Forms 10-Q and 8-K, and in related comments by management of GM and Hughes, our use of the words "expect," "anticipate," "estimate," "forecast," "objective," "plan," "goal," and similar expressions is intended to identify forward-looking statements. While these statements represent our current judgments on what the future may hold, and we believe these judgments are reasonable, actual results may differ materially due to numerous important factors that are described below and other factors that may be described in subsequent reports which GM may file with the SEC on Forms 10-Q and 8-K:

- Changes in economic conditions, currency exchange rates, significant terrorist acts, or political instability in the major markets where the Corporation procures material, components, and supplies for the production of its principal products or where its products are produced, distributed, or sold (i.e., North America, Europe, Latin America, and Asia Pacific).
- Shortages of fuel or interruptions in transportation systems, labor strikes, work stoppages, or other interruptions to or difficulties in the employment of labor in the major markets where the Corporation purchases material, components, and supplies for the production of its products or where its products are produced, distributed, or sold.
- Significant changes in the competitive environment in the major markets where the Corporation purchases material, components, and supplies for the production of its products or where its products are produced, distributed, or sold.
- Changes in the laws, regulations, policies, or other activities of governments, agencies, and similar organizations where such actions may affect the production, licensing, distribution, or sale of the Corporation's products, the cost thereof, or applicable tax rates.
- The ability of the Corporation to achieve reductions in cost and employment levels, to realize production efficiencies, and to implement capital expenditures, all at the levels and times planned by management.
- With respect to Hughes, additional risk factors include: economic conditions, product demand and market acceptance, government action, local political or economic developments in or affecting countries where Hughes has operations, ability to obtain export licenses, competition, ability to achieve cost reductions, ability to timely perform material contracts, technological risk, limitations on access to distribution channels, the success and timeliness of satellite launches, in-orbit performance of satellites, loss of uninsured satellites, ability of customers to obtain financing, and Hughes' ability to access capital to maintain its financial flexibility. Additionally, the in-orbit satellites of Hughes and its 81% owned subsidiary, PanAmSat Corporation, are subject to the risk of failing prematurely due to, among other things, mechanical failure, collision with objects in space, or an inability to maintain proper orbit. Satellites are subject to the risk of launch delay and failure, destruction and damage while on the ground or during launch, and failure to become fully operational once

Forward-Looking Statements (concluded)

launched. Delays in the production or launch of a satellite, or the complete or partial loss of a satellite, in-orbit or during launch, could have a material adverse impact on the operation of Hughes' businesses. With respect to both in-orbit and launch problems, insurance carried by Hughes and PanAmSat, if any, generally does not compensate for business interruption or loss of future revenues or customers. Hughes has, in the past, experienced technical anomalies on some of its satellites. Service interruptions caused by these anomalies, depending on their severity, could result in claims by affected customers for termination of their transponder agreements, cancellation of other service contracts, or the loss of other customers.

Quantitative and Qualitative Disclosures About Market Risk

GM is exposed to market risk from changes in foreign currency exchange rates, interest rates, and certain commodity and equity security prices. GM enters into a variety of foreign exchange, interest rate, and commodity forward contracts and options, primarily to maintain the desired level of exposure arising from these risks. A risk management control system is utilized to monitor foreign exchange, interest rate, commodity and equity price risks, and related hedge positions.

A discussion of GM's accounting policies for derivative financial instruments is included in Note 1 to the GM consolidated financial statements. Further information on GM's exposure to market risk is included in Notes 19 and 20 to the GM consolidated financial statements.

The following analyses provide quantitative information regarding GM's exposure to foreign currency exchange rate risk, interest rate risk, and commodity and equity price risk. GM uses a model to evaluate the sensitivity of the fair value of financial instruments with exposure to market risk that assumes instantaneous, parallel shifts in exchange rates, interest rate yield curves, and commodity and equity prices. For options and instruments with non-linear returns, models appropriate to the instrument are utilized to determine the impact of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that exchange rates change in a parallel fashion and that interest rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled.

Foreign Exchange Rate Risk – GM has foreign currency exposures related to buying, selling, and financing in currencies other than the local currencies in which it operates. More specifically, GM is exposed to foreign currency risk related to the uncertainty to which future earnings or asset and liability values are exposed to as the result of operating cash flows and various financial instruments that are denominated in foreign currencies. At December 31, 2001 and 2000, the net fair value liability of financial instruments with exposure to foreign currency risk was approximately \$15.0 billion and \$13.6 billion, respectively. The

potential loss in fair value for such financial instruments from a 10% adverse change in quoted foreign currency exchange rates would be approximately \$1.5 billion and \$1.2 billion for 2001 and 2000, respectively.

Interest Rate Risk – GM is subject to market risk from exposure to changes in interest rates due to its financing, investing, and cash management activities. More specifically, the Corporation is exposed to interest rate risk associated with long-term debt and contracts to provide commercial and retail financing, retained mortgage servicing rights, and retained assets related to mortgage securitization. In addition, GM is exposed to prepayment risk associated with its capitalized mortgage servicing rights and its retained assets. This risk is managed with U.S. Treasury options and futures, which exposes GM to basis risk since the derivative instruments do not have identical characteristics to the underlying mortgage servicing rights. At December 31, 2001 and 2000, the net fair value liability of financial instruments held for purposes other than trading with exposure to interest rate risk was approximately \$5.3 billion and \$18.1 billion, respectively. The potential loss in fair value resulting from a 10% adverse shift in quoted interest rates would be approximately \$1.6 billion and \$385 million for 2001 and 2000, respectively. At December 31, 2001, the net fair value liability of financial instruments held for trading purposes with exposure to interest rate risk was approximately \$3.6 billion compared to a net fair value asset of approximately \$3.2 billion at December 31, 2000. The potential loss in fair value resulting from a 10% adverse shift in quoted interest rates would be approximately \$182 million and \$217 million for 2001 and 2000, respectively. This analysis excludes GM's operating lease portfolio. A fair value change in the debt that funds this portfolio would potentially have a different impact on the fair value of the portfolio itself. As such, the overall impact to the fair value of financial instruments from a hypothetical change in interest rates may be overstated.

Commodity Price Risk – GM is exposed to changes in prices of commodities used in its Automotive business, primarily associated with various non-ferrous metals used in the manufacturing of automotive components. GM enters into commodity forward and option contracts to offset such exposure. At December 31, 2001, the net fair value liability of such contracts was approximately \$78 million, compared to a net fair value asset of approximately \$51 million at December 31, 2000. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be approximately \$150 million and \$152 million for 2001 and 2000, respectively. This amount excludes the offsetting impact of the price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk – GM is exposed to changes in prices of various available-for-sale equity securities in which it invests. At December 31, 2001 and 2000, the fair value of such investments was approximately \$2.3 billion and \$3.3 billion, respectively. The potential loss in fair value resulting from a 10% adverse change in equity prices would be approximately \$231 million and \$330 million for 2001 and 2000, respectively.


Responsibilities for Consolidated Financial Statements

The following consolidated financial statements of General Motors Corporation and subsidiaries were prepared by management, which is responsible for their integrity and objectivity. The statements have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments of management.

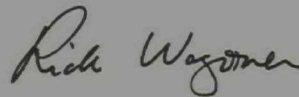
Management is further responsible for maintaining internal control designed to provide reasonable assurance that the books and records reflect the transactions of the companies and that established policies and procedures are carefully followed. From a stockholder's point of view, perhaps the most important feature in internal control is that it is continually reviewed for effectiveness and is augmented by written policies and guidelines, the careful selection and training of qualified personnel, and a strong program of internal audit.

Deloitte & Touche LLP, an independent auditing firm, is engaged to audit the consolidated financial statements of General Motors Corporation and subsidiaries and issue reports thereon. The audit is conducted in accordance with auditing standards generally accepted in the United States of America that comprehend the consideration of internal control and tests of transactions to the extent necessary to form an independent opinion on the financial statements prepared by management.

The Board of Directors, through the Audit Committee (composed entirely of independent Directors), is responsible for assuring that management fulfills its responsibilities in the preparation of the consolidated financial statements. The Audit Committee annually recommends to the Board of Directors the selection of the independent auditors in advance of the Annual Meeting of Stockholders and submits the selection for ratification at the Meeting. In addition, the Audit Committee reviews the scope of the audits and the accounting principles being applied in financial reporting. The independent auditors, representatives of management, and the internal auditors meet regularly (separately and jointly) with the Audit Committee to review the activities of each, to ensure that each is properly discharging its responsibilities, and to assess the effectiveness of internal control. It is management's conclusion that internal control at December 31, 2001 provides reasonable assurance that the books and records reflect the transactions of the companies and that established policies and procedures are complied with. To reinforce complete independence, Deloitte & Touche LLP has full and free access to meet with the Audit Committee, without management representatives present, to discuss the results of the audit, the adequacy of internal control, and the quality of financial reporting.



John F. Smith, Jr.
Chairman



G. Richard Wagoner, Jr.
President and
Chief Executive Officer



John M. Devine
Vice Chairman and
Chief Financial Officer

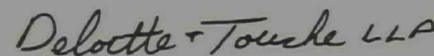
Independent Auditors' Report

General Motors Corporation, its Directors, and Stockholders:

We have audited the Consolidated Balance Sheets of General Motors Corporation and subsidiaries as of December 31, 2001 and 2000, and the related Consolidated Statements of Income, Cash Flows, and Stockholders' Equity for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of General Motors Corporation and subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.



**Deloitte
& Touche**

Detroit, Michigan
January 16, 2002
(March 6, 2002 as to Note 25)

Consolidated Statements of Income

<i>(Dollars in millions, except per share amounts) Years ended December 31,</i>	2001	2000	1999
General Motors Corporation and Subsidiaries			
Total net sales and revenues (Notes 1, 2, and 23)	\$177,260	\$184,632	\$176,558
Cost of sales and other expenses (Notes 2, 3, and 23)	143,850	145,664	140,708
Selling, general, and administrative expenses	23,302	22,252	19,053
Interest expense (Note 13)	8,590	9,552	7,750
<i>Total costs and expenses</i>	175,742	177,468	167,511
<i>Income from continuing operations before income taxes and minority interests</i>	1,518	7,164	9,047
Income tax expense (Note 8)	768	2,393	3,118
Equity income (loss) and minority interests	(149)	(319)	(353)
<i>Income from continuing operations</i>	601	4,452	5,576
Income from discontinued operations (Note 1)	—	—	426
<i>Net income</i>	601	4,452	6,002
Dividends on preference stocks (Note 17)	(99)	(110)	(80)
<i>Earnings attributable to common stocks</i>	\$ 502	\$ 4,342	\$ 5,922
Basic earnings (losses) per share attributable to common stocks (Note 18)			
\$1-2/3 par value			
Continuing operations	\$ 1.78	\$ 6.80	\$ 8.70
Discontinued operations (Note 1)	—	—	0.66
Earnings per share attributable to \$1-2/3 par value	\$ 1.78	\$ 6.80	\$ 9.36
Earnings per share attributable to Class H	\$ (0.55)	\$ 0.56	\$ (0.26)
Earnings (losses) per share attributable to common stocks assuming dilution (Note 18)			
\$1-2/3 par value			
Continuing operations	\$ 1.77	\$ 6.68	\$ 8.53
Discontinued operations (Note 1)	—	—	0.65
Earnings per share attributable to \$1-2/3 par value	\$ 1.77	\$ 6.68	\$ 9.18
Earnings per share attributable to Class H	\$ (0.55)	\$ 0.55	\$ (0.26)

Reference should be made to the notes to consolidated financial statements.

<i>(Dollars in millions) Years ended December 31,</i>	2001	2000	1999
Automotive, Communications Services, and Other Operations			
Total net sales and revenues (Notes 1, 2, and 23)	\$151,491	\$160,627	\$156,107
Cost of sales and other expenses (Notes 2, 3, and 23)	135,620	138,303	134,111
Selling, general, and administrative expenses	16,043	16,246	14,324
<i>Total costs and expenses</i>	151,663	154,549	148,435
Interest expense (Note 13)	751	815	828
Net expense from transactions with Financing and Insurance Operations (Note 1)	435	682	308
<i>Income (loss) from continuing operations before income taxes and minority interests</i>	(1,358)	4,581	6,536
Income tax (benefit) expense (Note 8)	(270)	1,443	2,167
Equity income (loss) and minority interests	(79)	(299)	(327)
<i>Income (loss) from continuing operations</i>	(1,167)	2,839	4,042
Income from discontinued operations (Note 1)	-	-	426
<i>Net income (loss) – Automotive, Communications Services, and Other Operations</i>	\$ (1,167)	\$ 2,839	\$ 4,468

<i>(Dollars in millions) Years ended December 31,</i>	2001	2000	1999
Financing and Insurance Operations			
Total revenues	\$ 25,769	\$ 24,005	\$ 20,451
Interest expense (Note 13)	7,839	8,737	6,922
Depreciation and amortization expense (Note 9)	5,857	5,982	5,445
Operating and other expenses	7,105	5,805	4,595
Provisions for financing and insurance losses (Notes 1 and 23)	2,527	1,580	1,286
<i>Total costs and expenses</i>	23,328	22,104	18,248
Net income from transactions with Automotive, Communications Services, and Other Operations (Note 1)	(435)	(682)	(308)
<i>Income before income taxes and minority interests</i>	2,876	2,583	2,511
Income tax expense (Note 8)	1,038	950	951
Equity income (loss) and minority interests	(70)	(20)	(26)
<i>Net income – Financing and Insurance Operations</i>	\$ 1,768	\$ 1,613	\$ 1,534

The above supplemental consolidating information is explained in Note 1, "Nature of Operations."
Reference should be made to the notes to consolidated financial statements.

Consolidated Balance Sheets

(Dollars in millions) December 31,	2001	2000
General Motors Corporation and Subsidiaries		
Assets		
Automotive, Communications Services, and Other Operations		
Cash and cash equivalents (Note 1)	\$ 8,432	\$ 9,119
Marketable securities (Note 4)	790	1,161
Total cash and marketable securities	9,222	10,280
Accounts and notes receivable (less allowances)	5,406	5,835
Inventories (less allowances) (Note 6)	10,034	10,945
Equipment on operating leases – net (Note 7)	4,524	5,699
Deferred income taxes and other current assets (Note 8)	7,877	8,388
Total current assets	37,063	41,147
Equity in net assets of nonconsolidated associates	4,950	3,497
Property – net (Note 9)	34,908	33,977
Intangible assets – net (Notes 1 and 10)	13,721	7,622
Deferred income taxes (Note 8)	22,294	14,870
Other assets (Note 11)	17,274	32,243
Total Automotive, Communications Services, and Other Operations assets	130,210	133,356
Financing and Insurance Operations		
Cash and cash equivalents (Note 1)	10,123	1,165
Investments in securities (Note 4)	10,669	9,595
Finance receivables – net (Note 5)	99,813	92,415
Investment in leases and other receivables (Note 7)	34,618	36,752
Other assets (Note 11)	36,979	27,846
Net receivable from Automotive, Communications Services, and Other Operations (Note 1)	1,557	1,971
Total Financing and Insurance Operations assets	193,759	169,744
Total assets	\$323,969	\$303,100
Liabilities and Stockholders' Equity		
Automotive, Communications Services, and Other Operations		
Accounts payable (principally trade)	\$ 18,297	\$ 18,309
Loans payable (Note 13)	2,402	2,208
Accrued expenses (Note 12)	34,090	33,252
Net payable to Financing and Insurance Operations (Note 1)	1,557	1,971
Total current liabilities	56,346	55,740
Long-term debt (Note 13)	10,726	7,410
Postretirement benefits other than pensions (Note 14)	34,515	34,306
Pensions (Note 14)	10,790	3,480
Other liabilities and deferred income taxes (Note 12)	13,794	15,768
Total Automotive, Communications Services, and Other Operations liabilities	126,171	116,704
Financing and Insurance Operations		
Accounts payable	7,900	7,416
Debt (Note 13)	153,186	135,037
Other liabilities and deferred income taxes (Note 12)	16,259	12,922
Total Financing and Insurance Operations liabilities	177,345	155,375
Total liabilities	303,516	272,079
Minority interests	746	707
General Motors-obligated mandatorily redeemable preferred securities of subsidiary trusts holding solely junior subordinated debentures of General Motors (Note 16) Series G	–	139
Stockholders' equity (Note 17)		
\$1-2/3 par value common stock (issued, 559,044,427 and 548,181,757 shares)	932	914
Class H common stock (issued, 877,505,382 and 875,286,559 shares)	88	88
Capital surplus (principally additional paid-in capital)	21,519	21,020
Retained earnings	9,463	10,119
Subtotal	32,002	32,141
Accumulated foreign currency translation adjustments	(2,919)	(2,502)
Net unrealized loss on derivatives	(307)	–
Net unrealized gains on securities	512	581
Minimum pension liability adjustment	(9,581)	(45)
Accumulated other comprehensive loss	(12,295)	(1,966)
Total stockholders' equity	19,707	30,175
Total liabilities and stockholders' equity	\$323,969	\$303,100

Reference should be made to the notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	For the years ended December 31,					
	2001		2000		1999	
	Automotive, Communi- cations Services, and Other	Financing and Insurance	Automotive, Communi- cations Services, and Other	Financing and Insurance	Automotive, Communi- cations Services, and Other	Financing and Insurance
<i>(Dollars in millions)</i>						
Cash flows from operating activities						
Income (loss) from continuing operations	\$ (1,167)	\$ 1,768	\$ 2,839	\$ 1,613	\$ 4,042	\$ 1,534
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities						
Depreciation and amortization expenses	7,051	5,857	7,429	5,982	6,873	5,445
Postretirement benefits other than pensions, net of payments and VEBA contributions	1,861	20	772	27	(1,057)	21
Pension expense, net of contributions	148	—	128	—	(808)	—
Originations and purchases of mortgage loans	—	(103,821)	—	(51,202)	—	(53,006)
Proceeds on sales of mortgage loans	—	99,580	—	51,444	—	55,777
Originations and purchases of mortgage securities	—	(1,636)	—	(1,571)	—	(1,309)
Proceeds on sales of mortgage securities	—	859	—	994	—	1,545
Change in other investments and miscellaneous assets	959	(958)	1,154	(1,692)	522	(127)
Change in other operating assets and liabilities (Note 1)	(2,056)	850	724	2,505	7,523	(23)
Other	(911)	762	(2,175)	779	(951)	944
Net cash provided by operating activities	5,885	3,281	10,871	8,879	16,144	10,801
Cash flows from investing activities						
Expenditures for property	(8,611)	(20)	(9,200)	(522)	(7,061)	(323)
Investments in marketable securities – acquisitions	(857)	(34,198)	(2,520)	(24,599)	(4,149)	(21,257)
Investments in marketable securities – liquidations	1,228	33,124	3,057	24,114	2,886	20,593
Mortgage servicing rights – acquisitions	—	(2,226)	—	(1,096)	—	(1,424)
Mortgage servicing rights – liquidations	—	20	—	12	—	35
Finance receivables – acquisitions	—	(236,723)	—	(214,666)	—	(186,379)
Finance receivables – liquidations	—	131,447	—	143,242	—	130,293
Proceeds from sales of finance receivables	—	96,029	—	58,369	—	48,178
Operating leases – acquisitions	(5,214)	(12,826)	(6,709)	(15,174)	(6,415)	(16,750)
Operating leases – liquidations	5,943	11,780	6,149	9,844	4,243	7,836
Investments in companies, net of cash acquired	(743)	(542)	(4,302)	(2,077)	(2,706)	(2,402)
Net investing activity with Financing and Insurance Operations	(500)	—	(1,069)	—	75	—
Other	176	(458)	3,281	93	(924)	732
Net cash used in investing activities	(8,578)	(14,593)	(11,313)	(22,460)	(14,051)	(20,868)
Cash flows from financing activities						
Net increase (decrease) in loans payable	194	(20,238)	142	7,723	140	(2,500)
Long-term debt – borrowings	5,850	58,498	5,279	22,414	9,090	26,471
Long-term debt – repayments	(2,602)	(18,882)	(6,196)	(16,196)	(8,281)	(13,078)
Net financing activity with Automotive, Communications Services, and Other Operations	—	500	—	1,069	—	(75)
Repurchases of common and preference stocks	(264)	—	(1,613)	—	(3,870)	—
Proceeds from issuing common stocks	100	—	2,792	—	2,090	—
Proceeds from sales of treasury stocks	417	—	—	—	—	—
Cash dividends paid to stockholders	(1,201)	—	(1,294)	—	(1,367)	—
Net cash provided by (used in) financing activities	2,494	19,878	(890)	15,010	(2,198)	10,818
Effect of exchange rate changes on cash and cash equivalents	(74)	(22)	(249)	(6)	(206)	—
Net transactions with Automotive/Financing Operations	(414)	414	970	(970)	185	(185)
Net cash (used in) provided by continuing operations	(687)	8,958	(611)	453	(126)	566
Net cash provided by discontinued operations (Note 1)	—	—	—	—	128	—
Net (decrease) increase in cash and cash equivalents	(687)	8,958	(611)	453	2	566
Cash and cash equivalents at beginning of the year	9,119	1,165	9,730	712	9,728	146
Cash and cash equivalents at end of the year	\$ 8,432	\$ 10,123	\$ 9,119	\$ 1,165	\$ 9,730	\$ 712

Reference should be made to the notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(Dollars in millions)	Total Capital Stock	Capital Surplus	Comprehensive Income (Loss)	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance at January 1, 1999	\$1,104	\$12,661		\$ 6,984	\$ (5,697)	\$15,052
Shares reacquired	(76)	(3,794)		—	—	(3,870)
Shares issued	19	3,588		—	—	3,607
Comprehensive income:						
Net income	—	—	\$ 6,002	6,002	—	6,002
Other comprehensive income (loss):						
Foreign currency translation adjustments	—	—	(944)	—	—	—
Unrealized gains on securities	—	—	515	—	—	—
Minimum pension liability adjustment	—	—	4,968	—	—	—
Other comprehensive income	—	—	4,539	—	4,539	4,539
Comprehensive income	—	—	\$10,541	—	—	—
Cash dividends	—	—		(1,367)	—	(1,367)
Delphi initial public offering (Note 1)	—	1,244		—	—	1,244
Delphi spin-off (Note 1)	—	95		(4,658)	—	(4,563)
Balance at December 31, 1999	1,047	13,794		6,961	(1,158)	20,644
Shares reacquired	(184)	(9,626)		—	—	(9,810)
Shares issued	139	16,852		—	—	16,991
Comprehensive income:						
Net income	—	—	\$ 4,452	4,452	—	4,452
Other comprehensive income (loss):						
Foreign currency translation adjustments	—	—	(469)	—	—	—
Unrealized losses on securities	—	—	(415)	—	—	—
Minimum pension liability adjustment	—	—	76	—	—	—
Other comprehensive loss	—	—	(808)	—	(808)	(808)
Comprehensive income	—	—	\$ 3,644	—	—	—
Cash dividends	—	—		(1,294)	—	(1,294)
Balance at December 31, 2000	1,002	21,020		10,119	(1,966)	30,175
Shares reacquired	—	(125)		—	—	(125)
Shares issued	18	624		—	—	642
Comprehensive income:						
Net income	—	—	\$ 601	601	—	601
Other comprehensive income (loss):						
Foreign currency translation adjustments	—	—	(417)	—	—	—
Unrealized loss on derivatives	—	—	(307)	—	—	—
Unrealized losses on securities	—	—	(69)	—	—	—
Minimum pension liability adjustment	—	—	(9,536)	—	—	—
Other comprehensive loss	—	—	(10,329)	—	(10,329)	(10,329)
Comprehensive loss	—	—	\$ (9,728)	—	—	—
Delphi spin-off adjustment ^(a)	—	—		(56)	—	(56)
Cash dividends	—	—		(1,201)	—	(1,201)
Balance at December 31, 2001	\$1,020	\$21,519		\$ 9,463	\$(12,295)	\$19,707

(a) Resolution of workers compensation, pension, and other postemployment liabilities owed to GM by Delphi Automotive Systems, which GM spun-off in 1999. Reference should be made to the notes to consolidated financial statements.

NOTE 1 Significant Accounting Policies**Principles of Consolidation**

The consolidated financial statements include the accounts of General Motors Corporation and domestic and foreign subsidiaries that are more than 50% owned, principally General Motors Acceptance Corporation and Subsidiaries (GMAC) and Hughes Electronics Corporation and Subsidiaries (Hughes), (collectively referred to as the "Corporation," "General Motors" or "GM"). General Motors' share of earnings or losses of associates, in which at least 20% of the voting securities is owned, is included in the consolidated operating results using the equity method of accounting, except for investments where GM is not able to exercise significant influence over the operating and financial decisions of the investee, in which case, the cost method of accounting is used. The financial data related to Delphi Automotive Systems Corporation (Delphi) is presented as discontinued operations for the period ended December 31, 1999. GM encourages reference to the GMAC and Hughes Annual Reports on Form 10-K for the period ended December 31, 2001, filed separately with the Securities and Exchange Commission, and the Hughes consolidated financial statements included as Exhibit 99 to the GM Annual Report on Form 10-K for the period ended December 31, 2001.

Certain amounts for 2000 and 1999 have been reclassified to conform with the 2001 classifications.

Special purpose entities (SPEs) used in connection with the securitization or sale of finance receivables and mortgage loans are not consolidated when GM and GMAC have surrendered control over those financial assets. SPEs used in connection with the leasing of property are not consolidated when the owner of the SPE has made a substantial investment that is at risk for the life of the SPE. Assets in unconsolidated SPEs were as follows (dollars in millions):

December 31,	2001	2000
Automotive, Communications Services, and Other Operations		
Assets leased under operating leases	\$ 2,412	\$ 1,729
Trade receivables sold	868	897
Total	\$ 3,280	\$ 2,626
Financing and Insurance Operations		
Receivables sold or securitized:		
Mortgage loans	\$104,678	\$ 86,344
Retail finance receivables	11,978	6,957
Wholesale finance receivables	16,227	9,988
Total	\$132,883	\$103,289

Nature of Operations

GM presents separate supplemental consolidating statements of income and other financial information for the following businesses: (1) Automotive, Communications Services, and Other Operations which consists of the design, manufacturing, and marketing of cars, trucks, locomotives, and heavy-duty transmissions and related parts and accessories, as well as the operations of Hughes; and (2) Financing and Insurance Operations which consists primarily of GMAC, which provides a broad range of financial services, including consumer vehicle financing, full-service leasing and fleet leasing, dealer financing, car and truck extended service contracts, residential and commercial mortgage services, vehicle and homeowners' insurance, and asset-based lending.

Transactions between businesses have been eliminated in the Corporation's consolidated statements of income. These transac-

tions consist principally of borrowings and other financial services provided by Financing and Insurance Operations to Automotive, Communications Services, and Other Operations.

Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Revenue Recognition

Sales generally are recorded when products are shipped (when title and risks and rewards of ownership have passed), or when services are rendered to independent dealers or other third parties. Provisions for dealer and customer sales incentives, allowances, and rebates are made at the time of vehicle sales. Incentives, allowances, and rebates related to vehicles previously sold are recognized as reductions of sales when announced.

Financing revenue is recorded over the terms of the receivables using the interest method. Income from operating lease assets is recognized on a straight-line basis over the scheduled lease terms.

Insurance premiums are earned on a basis related to coverage provided over the terms of the policies. Commissions, premium taxes, and other costs incurred in acquiring new business are deferred and amortized over the terms of the related policies on the same basis as premiums are earned. The liability for losses and loss expenses includes a provision for unreported losses, based on past experience, net of the estimated salvage and subrogation recoverable.

Product-Related Expenses

Advertising and sales promotion, research and development, and other product-related costs are charged to expense as incurred. Provisions for estimated expenses related to product warranties are made at the time the products are sold. Advertising expense was \$4.0 billion in 2001, \$4.3 billion in 2000, and \$4.5 billion in 1999. Research and development expense was \$6.2 billion in 2001, \$6.6 billion in 2000, and \$6.8 billion in 1999.

Depreciation and Amortization

As of January 1, 2001, the Corporation adopted the straight-line method of depreciation for real estate, plants, and equipment placed in service after January 1, 2001. Assets placed in service before January 1, 2001 continue to be generally depreciated using accelerated methods. The accelerated methods accumulate depreciation of approximately two-thirds of the depreciable cost during the first half of the estimated useful lives of property groups as compared to the straight-line method, which allocates depreciable costs equally over the estimated useful lives of property groups. Management believes the adoption of the straight-line depreciation method for assets placed into service after January 1, 2001 better reflects the consistent utilization of the asset over its useful life. The effect of this change on the results of operations for the year ended December 31, 2001 was not material.

Equipment on operating leases is depreciated on a straight-line basis over the term of the lease agreement. The difference between the net book value and the proceeds of sale or salvage on items disposed of is accounted for as a charge against or credit to the provision for depreciation.

NOTE 1 Significant Accounting Policies (continued)

Expenditures for special tools are amortized over their estimated useful lives, primarily using the units of production method. Replacements of special tools for reasons other than changes in products are charged directly to cost of sales.

Goodwill is amortized on a straight-line basis over periods ranging from 20 to 40 years.

Valuation of Long-Lived Assets

GM periodically evaluates the carrying value of long-lived assets to be held and used and long-lived assets to be disposed of, including goodwill and other intangible assets, when events and circumstances warrant such review. These evaluations and reviews are generally done in conjunction with the annual business planning cycle. If the carrying value of a long-lived asset is considered impaired, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset for assets to be held and used, or the amount by which the carrying value exceeds the fair market value less cost to dispose for assets to be disposed. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved.

Foreign Currency Translation

Foreign currency exchange transaction and translation losses on an after-tax basis included in consolidated net income in 2001, 2000, and 1999, pursuant to Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," amounted to \$107 million, \$100 million, and \$162 million, respectively.

Stock-Based Compensation

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," GM applies the recognition and measurement principles of Accounting Principles Board Opinion No. 25 to its stock options and other stock-based employee compensation awards.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with original maturities of 90 days or less.

Statement of Cash Flows Supplementary Information

	Years ended December 31,		
(Dollars in millions)	2001	2000	1999
Automotive, Communications Services, and Other Operations			
Increase (decrease) in cash due to changes in other operating assets and liabilities were as follows:			
Accounts receivable	\$ 111	\$ (625)	\$ (659)
Prepaid expenses and other deferred charges	(254)	66	(623)
Inventories	522	(297)	(66)
Accounts payable	558	1,254	5,606
Deferred taxes and income taxes payable	(1,444)	(629)	(160)
Accrued expenses and other liabilities	(1,549)	955	3,425
Total	\$ (2,056)	\$ 724	\$ 7,523
Cash paid for interest and income taxes was as follows:			
Interest	\$ 1,259	\$ 968	\$ 526
Income taxes	\$ 1,149	\$ 2,310	\$ 2,166

During 2000, Automotive, Communications Services, and Other Operations made investments in companies, net of cash acquired of approximately \$4.3 billion. This amount consists primarily of GM's purchase of a 20% equity interest in Fuji Heavy Industries Ltd. (Fuji) for approximately \$1.3 billion and GM's acquisition of a 20% interest in Fiat Auto Holdings, B.V. (Fiat Auto) for \$2.4 billion. In addition during 2000, Fiat S.p.A. purchased approximately 32 million shares of GM \$1-2/3 par value common stock for \$2.4 billion which is included in proceeds from issuing common stocks.

	Years ended December 31,		
(Dollars in millions)	2001	2000	1999
Financing and Insurance Operations			
Increase (decrease) in cash due to changes in other operating assets and liabilities were as follows:			
Other receivables	\$ (2,622)	\$ (726)	\$ (269)
Other assets	49	(29)	(83)
Accounts payable	483	3,155	114
Deferred taxes and other liabilities	2,940	105	215
Total	\$ 850	\$ 2,505	\$ (23)
Cash paid for interest and income taxes was as follows:			
Interest	\$ 7,239	\$ 8,511	\$ 6,618
Income taxes	\$ 694	\$ 475	\$ 214

Derivative Instruments

GM is party to a variety of foreign exchange, interest rate and commodity forward contracts and options entered into in connection with the management of its exposure to fluctuations in foreign exchange, interest rates, and certain commodity prices. These financial exposures are managed in accordance with corporate policies and procedures.

All derivatives are recorded at fair value on the balance sheet. Effective changes in fair value of derivatives designated as cash flow hedges and hedges of a net investment in a foreign operation are recorded in net unrealized loss on derivatives, a separate component of accumulated other comprehensive loss. Amounts are reclassified from accumulated other comprehensive loss when the underlying hedged item impacts earnings and all ineffective changes in fair value are recorded currently in earnings. Changes in fair value of derivatives designated as fair value hedges are recorded currently in earnings offset to the extent the derivative was effective by changes in fair value of the hedged item. Changes in fair value of derivatives not designated as hedging instruments are recorded currently in earnings.

NOTE 1 Significant Accounting Policies (concluded)

New Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations." SFAS No. 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. This statement specifies that certain acquired intangible assets in a business combination be recognized as assets separately from goodwill and that existing intangible assets and goodwill be evaluated for these new separation requirements. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. In addition, this statement requires that goodwill be tested for impairment at least annually at the reporting unit level. The Corporation implemented SFAS No. 142 on January 1, 2002. In accordance with this statement, GM is not required to complete the transitional goodwill impairment test until June 30, 2002. The Corporation is evaluating but has not yet determined whether adoption of this statement will result in an impairment of goodwill. Management estimates that goodwill and indefinite lived intangible asset amortization required under previous accounting standards of \$383 million pre-tax (\$302 million after-tax) will not be charged to the income statement in 2002.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Corporation is required to implement SFAS No. 143 on January 1, 2003. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." The statement retains the previously existing accounting requirements related to the recognition and measurement of the impairment of long-lived assets to be held and used while expanding the measurement requirements of long-lived assets to be disposed of by sale to include discontinued operations. It also expands the previously existing reporting requirements for discontinued operations to include a component of an entity that either has been disposed of or is classified as held for sale. The Corporation implemented SFAS No. 144 on January 1, 2002. Management does not expect this statement to have a material impact on GM's consolidated financial position or results of operations.

Discontinued Operations

On February 5, 1999, Delphi completed an initial public offering (IPO) of 100 million shares of its common stock, which represented 17.7% of its outstanding common shares. On April 12, 1999, the GM Board of Directors (GM Board) approved the complete separation of Delphi from GM by means of a spin-off (which was tax-free to GM and its stockholders for U.S. federal income tax purposes). On May 28, 1999, GM distributed to holders of its \$1-2/3 par value common stock 80.1% of the outstanding shares of Delphi, which resulted in 0.69893 shares of Delphi common stock being distributed for each share of GM \$1-2/3 par value common stock outstanding on the record date of May 25, 1999. In addition, GM contributed the remaining 2.2% of Delphi shares (around 12.4 million shares), to a Voluntary Employee Beneficiary Association (VEBA) trust established by GM to fund benefits to its hourly retirees. In total, the complete separation of Delphi in the year ended December 31, 1999 resulted in a reduction to stockholders' equity of approximately \$3.3 billion.

The financial data related to GM's investment in Delphi through May 28, 1999 is classified as discontinued operations for the period ended December 31, 1999.

Delphi net sales (including sales to GM) included in discontinued operations totaled \$12.5 billion for the year ended December 31, 1999. Income from Delphi discontinued operations of \$426 million for the year ended December 31, 1999, is reported net of income tax expense of \$314 million.

NOTE 2 Asset Impairments

GM recorded pre-tax charges against income for asset impairments of \$140 million (\$90 million after-tax, or \$0.16 per share of GM \$1-2/3 par value common stock) in 2001 and \$917 million (\$587 million after-tax, or \$0.99 per share of GM \$1-2/3 par value common stock) in 2000. GM did not record any such pre-tax charges against income in 1999. These charges are components of the following line items in the income statement:

(Dollars in millions)	Years ended December 31,	
	2001	2000
Total net sales and revenues	\$ -	\$315
Cost of sales and other expenses	140	602
Total	\$140	\$917

The 2001 charges related to the write-down of equipment as a result of the announcement of the closing of the Ste. Therese, Quebec assembly plant in 2002 and the write-down of certain equipment on operating leases that was determined to be impaired in GM North America (GMNA).

In 2000, the pre-tax charges were comprised of \$572 million (\$356 million after-tax) for GMNA, and \$345 million (\$231 million after-tax) for GM Europe (GME). The amount related to the write-down of special tools and equipment on operating leases as a result of the phase-out of the Oldsmobile division as the current model lineup product lifecycles come to an end, or until the models are no longer economically viable, and the reduction in production capacity at GME, including the restructuring of Vauxhall Motors Limited's manufacturing operations in the U.K.

NOTE 3 Postemployment Benefit Costs

GM records liabilities for termination and other postemployment benefits to be paid pursuant to union or other contractual agreements in connection with closed plants in North America. GM reviews the adequacy and continuing need for these liabilities on an annual basis in conjunction with its year-end production and labor forecasts. Furthermore, GM reviews the reasonableness of these liabilities on a quarterly basis.

In 2001, GM recognized postemployment benefit liabilities related to the announced closing of the Ste. Therese, Quebec assembly plant in 2002. The 2001 charge relates to 1,350 employees and increased cost of sales by \$137 million (\$89 million

after-tax, or \$0.16 per share of GM \$1-2/3 par value common stock).

In 2000, GM recognized postemployment benefit liabilities associated with reductions in production capacity and conversions at the following U.S. plants: Oklahoma City, Oklahoma; Delta Engine, Lansing, Michigan; Spring Hill, Tennessee; and Wilmington, Delaware. The 2000 charge relates to approximately 4,000 U.S. employees and increased cost of sales by \$473 million (\$294 million after-tax, or \$0.50 per share of GM \$1-2/3 par value common stock).

The liability for postemployment benefits as of December 31, 2001 totals approximately \$626 million, with anticipated spending of approximately 97% over the next three years. The following tables summarize the activity from December 31, 1999 through December 31, 2001 for this liability (dollars in millions):

Plant	December 31,		2001 Activity			December 31,	
	2000					2001	
	Excess Employees	Balance	Spending	Interest Accretion	Adjustment	Balance	Excess Employees
Buick City/Flint V-6	313	\$ 34	\$ (24)	\$ 2	\$ —	\$ 12	214
Kalamazoo	289	27	(18)	1	—	10	78
Flint V-8	106	7	(4)	—	—	3	41
Van Nuys	329	78	(19)	4	—	63	308
Tarrytown	61	4	(4)	—	—	—	—
Framingham	37	13	(2)	1	—	12	37
Danville	7	3	—	—	—	3	7
Delta Engine	664	26	(16)	1	—	11	206
Oklahoma City	2,080	221	(81)	13	—	153	1,971
Spring Hill	444	107	(4)	6	—	109	444
Wilmington	879	119	(39)	6	—	86	330
Ste. Therese	—	—	—	3	137	140	1,350
Other	572	26	(3)	1	—	24	569
Total	5,781	\$665	\$(214)	\$38	\$137	\$626	5,555

Plant	December 31,		2000 Activity			December 31,	
	1999					2000	
	Excess Employees	Balance	Spending	Interest Accretion	Adjustment	Balance	Excess Employees
Buick City/Flint V-6	403	\$ 50	\$ (19)	\$ 3	\$ —	\$ 34	313
Kalamazoo	459	43	(18)	2	—	27	289
Flint V-8	659	51	(46)	2	—	7	106
Van Nuys	366	96	(23)	5	—	78	329
Tarrytown	61	6	(2)	—	—	4	61
Framingham	91	16	(4)	1	—	13	37
Danville	16	4	(1)	—	—	3	7
Delta Engine	—	—	—	—	26	26	664
Oklahoma City	—	—	—	—	221	221	2,080
Spring Hill	—	—	—	—	107	107	444
Wilmington	—	—	—	—	119	119	879
Other	615	29	(3)	—	—	26	572
Total	2,670	\$295	\$(116)	\$13	\$473	\$665	5,781

NOTE 4 Marketable Securities

Marketable securities held by GM are classified as available-for-sale, except for certain mortgage-related securities, which are classified as held to maturity or trading securities. Unrealized gains and losses, net of related income taxes, for available-for-sale and held to maturity securities are included as a separate component of stockholders' equity. Unrealized gains and losses for trading securities are included in income on a current basis. GM determines cost on the specific identification basis.

Automotive, Communications Services, and Other Operations

Investments in marketable securities were as follows (dollars in millions):

	Cost	Book/ Fair Value	Unreal- ized Gains	Unreal- ized Losses
December 31, 2001				
Type of security				
Bonds, notes, and other securities				
Corporate debt securities and other	\$ 777	\$ 790	\$13	\$-
Total marketable securities	\$ 777	\$ 790	\$13	\$-
December 31, 2000				
Type of security				
Bonds, notes, and other securities				
United States government and agencies	\$ 90	\$ 91	\$ 1	\$-
States and municipalities	9	9	-	-
Corporate debt securities and other	1,063	1,061	-	2
Total marketable securities	\$1,162	\$1,161	\$ 1	\$2

Debt securities totaling \$265 million mature within one year, \$504 million mature after one through five years, and \$21 million mature after ten years. Proceeds from sales of marketable securities totaled \$373 million in 2001, \$1.3 billion in 2000, and \$2.0 billion in 1999. The gross gains related to sales of marketable securities were \$6 million, \$1 million, and \$21 million in 2001, 2000, and 1999, respectively. The gross losses related to sales of marketable securities were \$5 million, \$12 million, and \$6 million in 2001, 2000, and 1999, respectively.

Financing and Insurance Operations

Investments in securities were as follows (dollars in millions):

	Cost	Book/ Fair Value	Unreal- ized Gains	Unreal- ized Losses
December 31, 2001				
Type of security				
Bonds, notes, and other securities				
United States government and agencies	\$ 615	\$ 626	\$ 14	\$ 3
States and municipalities	931	970	43	4
Mortgage-backed securities	924	913	17	28
Corporate debt securities and other	2,725	2,749	50	26
Total debt securities	5,195	5,258	124	61
available-for-sale				
Mortgage-backed securities held to maturity	371	371	-	-
Mortgage-backed securities held for trading purposes	4,305	3,722	-	583
Total debt securities	9,871	9,351	124	644
Equity securities	1,214	1,318	246	142
Total investment in securities	\$11,085	\$10,669	\$370	\$786
December 31, 2000				
Type of security				
Bonds, notes, and other securities				
United States government and agencies	\$ 556	\$ 565	\$ 10	\$ 1
States and municipalities	1,492	1,567	81	6
Mortgage-backed securities	387	384	14	17
Corporate debt securities and other	2,520	2,506	47	61
Total debt securities	4,955	5,022	152	85
available-for-sale				
Mortgage-backed securities held to maturity	218	218	-	-
Mortgage-backed securities held for trading purposes	3,445	3,298	-	147
Total debt securities	8,618	8,538	152	232
Equity securities	766	1,057	395	104
Total investment in securities	\$9,384	\$9,595	\$547	\$336

Debt securities available-for-sale totaling \$896 million mature within one year, \$2.3 billion mature after one through five years, \$716 million mature after five years through 10 years, and \$1.4 billion mature after 10 years. Proceeds from sales of marketable securities totaled \$5.1 billion in 2001, \$3.5 billion in 2000, and \$2.9 billion in 1999. The gross gains related to sales of marketable securities were \$228 million, \$315 million, and \$292 million in 2001, 2000, and 1999, respectively. The gross losses related to sales of marketable securities were \$145 million, \$147 million, and \$126 million in 2001, 2000 and 1999, respectively.

NOTE 5 Finance Receivables and Securitizations

Finance Receivables – Net

Finance receivables – net included the following (dollars in millions):

December 31,	2001	2000
Retail	\$ 71,845	\$51,337
Wholesale	15,537	26,993
Commercial	5,743	5,546
Leasing and lease financing	1,862	2,178
Term loans to dealers and others	12,652	12,565
Total finance receivables	107,639	98,619
Less – Unearned income	(5,766)	(4,872)
Allowance for financing losses	(2,060)	(1,332)
Total finance receivables – net	\$ 99,813	\$92,415

Finance receivables that originated outside the U.S. are \$20.7 billion and \$21.4 billion at December 31, 2001 and 2000, respectively. The aggregate amount of total finance receivables maturing in each of the five years following December 31, 2001 is as follows: 2002 – \$47.6 billion; 2003 – \$23.7 billion; 2004 – \$18.1 billion; 2005 – \$10.5 billion; 2006 – \$5.6 billion and 2007 and thereafter – \$2.1 billion.

Securitizations of Finance Receivables and Mortgage Loans

The Corporation has sold retail finance receivables through special purpose subsidiaries with principal aggregating \$8.4 billion in 2001, \$5.2 billion in 2000, and \$5.1 billion in 1999. These subsidiaries generally retain a subordinated investment of no greater than 5.25% of the total receivables pool and sell the remaining portion. Net pre-tax gains relating to such sales amounted to \$210 million in 2001, \$14 million in 2000, and \$64 million in 1999. The Corporation's sold retail finance receivable servicing portfolio amounted to \$12.0 billion and \$7.0 billion at December 31, 2001 and 2000, respectively.

The Corporation has sold wholesale receivables on a revolving basis resulting in decreases in wholesale outstandings of \$16.2 billion and \$10.0 billion at December 31, 2001 and 2000, respectively. The Corporation is committed to sell eligible wholesale receivables arising in certain dealer accounts. During the years 2001, 2000, and 1999, there were no gains recorded on the sale of wholesale receivables. Due to the short-term nature of wholesale receivables, the fair value of retained interests in wholesale securitizations is assumed to approximate cost.

When the Corporation securitizes retail and wholesale receivables, it retains interest-only strips, all or a portion of senior and subordinated tranches, servicing rights, and cash reserve accounts, all of which are retained interests in the securitized receivables. Interest-only strip receivables, cash deposits, and other related amounts are generally restricted assets and subject to limited recourse provisions. With respect to retained servicing responsibilities, the Corporation receives annual servicing fees approximating 2% (for retail receivables) and 1% (for wholesale receivables) of the outstanding balance. Additionally, the Corporation receives the rights to future cash flows arising after the investors in the securitization trust have received their contracted return.

During 2001, GM sold residential, commercial, and other mortgage loans in securitization transactions, generally retaining servicing responsibilities and, in some cases, subordinated interests. In 2001, 2000, and 1999, GM recognized pre-tax gains of \$995 million, \$723 million, and \$603 million, respectively, on the securitization of residential and commercial mortgages.

At December 31, 2001, total mortgage loans owned or securitized totaled \$103.4 billion, of which \$89.6 billion had been securitized, \$10.4 billion was held for sale, and \$3.4 billion was held for investment (see Note 11). At that date, mortgage loans owned or securitized which were 60 days or more past due, totaled \$3.1 billion.

The investors and the securitization trusts associated with the sales of finance receivables and mortgage loans have no recourse to GM's other assets for failure of debtors to pay when due. The Corporation's retained interests are subordinate to the investors' interests. Their fair value is subject to credit, prepayment, and interest rate risks on the transferred assets.

The resulting gain or loss on securitization transactions is determined by allocating the carrying amount of the loans or finance receivables between the securities sold and the interests retained based on their relative fair value at the date of sale. Fair values are based on quoted market prices, if available. Otherwise, the fair values of the retained interests are estimated based on the present value of expected future cash flows.

Key economic assumptions used in measuring the fair value of retained interests at the date of the securitization, for securitizations completed during 2001, were as follows:

	Retail Finance Receivables	Mortgage Loans	
		Residential	Commercial
Prepayment speed	0.8% to 1.3%	9.8% to 38.0%	0.0% to 50.0%
Weighted-average life (in years)	1.5 to 1.8	1.7 to 8.2	1.2 to 13.3
Residual cash flows discounted at	9.5% to 12.0%	6.5% to 13.5%	6.9% to 54.7%
Variable returns to transferees	One month LIBOR plus contractual spread ranging from 4 to 35 basis points	Forward benchmark interest rate yield curve plus contractual spread	

Expected credit losses used in measuring the fair value of retained interests in residential and commercial mortgage loans securitized during 2001 were 0.0% to 22.9% and 0.0% to 1.9%, respectively, at the date of securitization.

NOTE 5 Finance Receivables and Securitizations (concluded)

At December 31, 2001, key economic assumptions and the sensitivity of the current fair value of residual cash flows to immediate 10% and 20% adverse changes in those assumptions were as follows (dollars in millions):

	Retail Finance Receivables	Mortgage Loans	
		Residential	Commercial
Carrying amount/fair value of retained interests	\$1,678	\$2,675	\$782
Prepayment speed (annual rate)	0.6% to 1.8%	9.9% to 47.0%	0.0% to 50.0%
Reduction in fair value due to 10% adverse change	\$ 2	\$199	\$ 2
Reduction in fair value due to 20% adverse change	\$ 4	\$387	\$ 2
Residual cash flows discount rate (annual rate)	7.7% to 12.0%	6.5% to 13.5%	6.9% to 58.4%
Reduction in fair value due to 10% adverse change	\$ 7	\$ 78	\$40
Reduction of fair value due to 20% adverse change	\$15	\$152	\$75
Variable returns to transferees			
Reduction in fair value due to 10% adverse change	\$30	\$ 17	\$ -
Reduction in fair value due to 20% adverse change	\$61	\$ 31	\$ -

Expected credit losses used in the calculation of the fair value of residual cash flows at December 31, 2001 for residential and commercial mortgage loans were 0.0% to 22.9% and 0.0% to 2.3%, respectively. An immediate 10% adverse change in these assumptions would reduce the fair value of such cash flows by \$136 million and \$8 million for residential and commercial mortgage loans, respectively. An immediate 20% adverse change in these assumptions would reduce the fair value of such cash flows by \$271 million and \$11 million for residential and commercial mortgage loans, respectively.

These sensitivities are hypothetical and should be used with caution. As the figures indicate, changes in fair value based on a 10% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumption to the change in fair value may not be linear. Also, in this table, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities. Further, these sensitivities show only the change in the asset balances and do not show any expected changes in the fair value of derivative financial instruments used to manage the interest rate and prepayment risks associated with these assets, as discussed in Note 19.

The following summarizes cash flows received from (paid to) securitization trusts during the year ended December 31, 2001 (dollars in millions):

	Retail Finance Receivables	Mortgage Loans	
		Residential	Commercial
Proceeds from new securitizations	\$7,354	\$34,803	\$3,262
Servicing fees received	\$ 292	\$ 255	\$ 16
Other cash flows received on retained interests	\$1,560	\$ 763	\$ 64
Pool buybacks and purchases of delinquent assets	\$ (510)	\$ (320)	\$ -
Servicing advances	\$ (88)	\$ (616)	\$ (95)
Repayments of servicing advances	\$ 66	\$ 613	\$ 71

Mortgage Servicing Rights

The fair value of GM's mortgage servicing rights totaled \$5.4 billion and \$4.1 billion at December 31, 2001 and 2000, respectively. The key economic assumptions used in the calculation of such fair values are prepayment speeds and discount rates. At December 31, 2001, a prepayment speed of 12.4% and a discount rate of 9.1% were used in the calculation of fair value. At that date, an immediate 10% and 20% adverse change in the assumed prepayment speed would reduce the fair value of mortgage servicing rights by \$162 million and \$310 million, respectively. An immediate 10% and 20% adverse change in the assumed discount rate would reduce the fair value of mortgage servicing rights by \$162 million and \$314 million, respectively. These sensitivities are hypothetical and should be used with caution for reasons similar to those discussed above.

NOTE 6 Inventories

Inventories included the following for Automotive, Communications Services, and Other Operations (dollars in millions):

December 31,	2001	2000
Productive material, work in process, and supplies	\$ 5,069	\$ 5,544
Finished product, service parts, etc.	6,779	7,257
Total inventories at FIFO	11,848	12,801
Less LIFO allowance	1,814	1,856
Total inventories (less allowances)	\$10,034	\$10,945

Inventories are stated generally at cost, which is not in excess of market. The cost of approximately 90% of U.S. inventories is determined by the last-in, first-out (LIFO) method. Generally, the cost of all other inventories is determined by either the first-in, first-out (FIFO) or average cost methods.

NOTE 7 Equipment on Operating Leases

The Corporation has significant investments in the residual values of its leasing portfolios. The residual values represent the estimate of the values of the assets at the end of the lease contracts and are initially recorded based on appraisals and estimates. Realization of the residual values is dependent on the Corporation's future ability to market the vehicles under then prevailing market conditions. Management reviews residual values periodically to determine that recorded amounts are appropriate.

Automotive, Communications Services, and Other Operations

Equipment on operating leases included in equipment on operating leases and other assets was as follows (dollars in millions):

December 31,	2001	2000
Equipment on operating leases	\$11,107	\$11,268
Less accumulated depreciation	(1,767)	(1,335)
Net book value	\$ 9,340	\$ 9,933
Current	\$ 4,524	\$ 5,699
Noncurrent (Note 11)	4,816	4,234
Net book value	\$ 9,340	\$ 9,933

Financing and Insurance Operations

Equipment on operating leases included in investment in leases and other receivables was as follows (dollars in millions):

December 31,	2001	2000
Equipment on operating leases	\$36,534	\$41,295
Less accumulated depreciation	(8,544)	(8,762)
Net book value	\$27,990	\$32,533

The lease payments to be received related to equipment on operating leases maturing in each of the five years following December 31, 2001 are as follows: Automotive, Communications Services, and Other Operations – 2002 – \$1.8 billion; 2003 – \$644 million; 2004 – \$607 million; 2005 – \$556 million, and 2006 – \$516 million. Financing and Insurance Operations – 2002 – \$6.5 billion; 2003 – \$3.6 billion; 2004 – \$1.6 billion; 2005 – \$265 million, and 2006 – \$8 million.

NOTE 8 Income Taxes

Income from continuing operations before income taxes and minority interests included the following (dollars in millions):

Years ended December 31,	2001	2000	1999
U.S. income (loss)	\$(1,190)	\$3,019	\$4,156
Foreign income	2,708	4,145	4,891
Total	\$ 1,518	\$7,164	\$9,047

The provision for income taxes was estimated as follows (dollars in millions):

Years ended December 31,	2001	2000	1999
Income taxes estimated to be payable currently			
U.S. federal	\$ 34	\$ 45	\$ 156
Foreign	1,347	971	1,368
U.S. state and local	(9)	72	308
Total payable currently	1,372	1,088	1,832
Deferred income tax expense (credit) – net			
U.S. federal	(246)	742	1,008
Foreign	(401)	281	244
U.S. state and local	43	282	34
Total deferred	(604)	1,305	1,286
Total income taxes	\$ 768	\$2,393	\$3,118

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns; however, the amount ultimately paid upon resolution of issues raised may differ materially from the amount accrued.

Provisions are made for estimated U.S. and foreign income taxes, less available tax credits and deductions, which may be incurred on the remittance of the Corporation's share of subsidiaries' undistributed earnings not deemed to be permanently invested. Taxes have not been provided on foreign subsidiaries' earnings, which are deemed essentially permanently reinvested, of \$13.1 billion at December 31, 2001 and \$13.4 billion at December 31, 2000. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

A reconciliation of the provision for income taxes compared with the amounts at the U.S. federal statutory rate was as follows (dollars in millions):

Years ended December 31,	2001	2000	1999
Tax at U.S. federal statutory income tax rate	\$ 485	\$2,507	\$3,166
Foreign rates other than 35%	134	78	(109)
Taxes on unremitted earnings of subsidiaries	29	–	138
Tax credits	(50)	(45)	(207)
Raytheon settlement ⁽¹⁾	180	–	–
Other adjustments	(10)	(147)	130
Total income tax	\$ 768	\$2,393	\$3,118

(1) Non-tax deductible settlement with the Raytheon Company on a purchase price adjustment related to Raytheon's 1997 merger with Hughes Defense.

NOTE 8 Income Taxes (concluded)

Deferred income tax assets and liabilities for 2001 and 2000 reflect the impact of temporary differences between amounts of assets, liabilities, and equity for financial reporting purposes and the bases of such assets, liabilities, and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

Temporary differences and carryforwards that gave rise to deferred tax assets and liabilities included the following (dollars in millions):

December 31,	2001		2000	
	Deferred Tax		Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Postretirement benefits other than pensions	\$15,057	\$ -	\$14,393	\$ -
Employee benefit plans	8,721	8,046	2,884	8,182
Warranties, dealer and customer allowances, claims, and discounts	4,376	-	4,952	-
Depreciation and amortization	412	3,671	652	3,742
Tax carryforwards	3,993	-	3,125	-
Lease transactions	-	4,044	-	3,911
Miscellaneous foreign	4,465	1,463	4,150	1,372
Other	7,683	4,948	7,287	4,493
Subtotal	44,707	22,172	37,443	21,700
Valuation allowances	(604)	-	(640)	-
Total deferred taxes	\$44,103	\$22,172	\$36,803	\$21,700

Of the tax carryforwards, approximately 20% relates to the alternative minimum tax credit (which can be carried forward indefinitely) and approximately 14% relates to the U.S. state net operating loss carryforwards, which will expire in the years 2002-2021 if not used. However, a substantial portion of the U.S. state net operating loss carryforwards will not expire until after the year 2005. The other tax credit carryforwards, consisting primarily of research and experimentation credits, will expire in the years 2004, 2011-2012, and 2018-2021 if not used.

NOTE 9 Property – Net

Property – net included the following for Automotive, Communications Services, and Other Operations (dollars in millions):

	Estimated Useful Lives (Years)	December 31,	
		2001	2000
Land	-	\$ 899	\$ 924
Buildings and land improvements	2-40	13,294	12,997
Machinery and equipment	3-30	41,091	40,900
Construction in progress	-	4,464	4,664
Real estate, plants, and equipment		59,748	59,485
Less accumulated depreciation		(33,404)	(32,875)
Real estate, plants, and equipment – net		26,344	26,610
Special tools – net		8,564	7,367
Total property – net		\$34,908	\$33,977

Financing and Insurance Operations had net property of \$1.5 billion and \$1.4 billion recorded in other assets at December 31, 2001 and 2000, respectively.

Depreciation and amortization expense was as follows (dollars in millions):

Years ended December 31,	2001	2000	1999
Automotive, Communications Services, and Other Operations			
Depreciation	\$4,383	\$4,368	\$4,155
Amortization of special tools	2,360	2,753	2,492
Amortization of intangible assets (Note 10)	308	308	226
Total	\$7,051	\$7,429	\$6,873
Financing and Insurance Operations			
Depreciation and amortization expense	\$5,857	\$5,982	\$5,445

NOTE 10 Intangible Assets – Net

Automotive, Communications Services, and Other Operations had net intangible assets of \$13.7 billion and \$7.6 billion at December 31, 2001 and December 31, 2000, respectively. At December 31, 2001, net intangible assets consisted primarily of goodwill (\$6.8 billion) and pension intangible assets (\$6.2 billion). Goodwill is the cost of acquired businesses in excess of the fair value of their identifiable net assets. The pension intangible asset resulted from the U.S. hourly pension plan becoming underfunded in 2001. At December 31, 2000, net intangible assets consisted primarily of goodwill (\$6.8 billion).

Financing and Insurance Operations had net intangible assets of \$3.2 billion recorded in other assets, consisting primarily of goodwill, at December 31, 2001 and 2000.

NOTE 11 Other Assets

Automotive, Communications Services, and Other Operations

Other assets included the following (dollars in millions):

December 31,	2001	2000
Equipment on operating leases – noncurrent (Note 7)	\$ 4,816	\$ 4,234
Investments in equity securities	3,408	4,666
U.S. prepaid pension assets (Note 14)	7,006	20,184
Other	2,044	3,159
Total other assets	\$17,274	\$32,243

The balance in Investments in equity securities at December 31, 2001 and 2000 includes GM's 20% interest in Fiat Auto of \$2.4 billion. In connection with GM's acquisition of a 20% interest in Fiat Auto, GM did not acquire the ability or right to appoint any directors to the board of Fiat Auto, its controlling stockholder, Fiat S.p.A., or any of the companies in the Fiat group. In fact, no officer, director, or employee of GM or any controlled affiliate of GM serves as a director, officer, or employee of Fiat Auto, Fiat S.p.A., or any of the companies in the Fiat group. Accordingly, because GM is not able to exercise significant influence over the operating and financial decisions of Fiat Auto, this investment is accounted for using the cost method of accounting. (See Note 15 for further discussion.)

NOTE 11 Other Assets (concluded)

The balance in Investments in equity securities at December 31, 2001 and 2000 also includes the fair value of investments in equity securities classified as available-for-sale for all periods presented. It is GM's intent to hold these securities for longer than one year. Balances include historical costs of \$704 million and \$1.9 billion with unrealized gains of \$311 million and \$495 million and unrealized losses of \$38 million and \$146 million at December 31, 2001 and 2000, respectively.

Financing and Insurance Operations

Other assets included the following (dollars in millions):

December 31,	2001	2000
Mortgage servicing rights	\$ 4,840	\$ 3,985
Real estate mortgages – held for sale	10,187	5,759
– held for investment	3,384	1,895
– lending receivables	4,521	2,960
Other mortgage-related assets	1,800	1,451
Receivables purchased from factoring clients	1,419	2,291
Due and deferred from receivables sales	2,260	1,097
Rental car buybacks	235	826
Intangible assets	3,206	3,188
Other	5,127	4,394
Total other assets	\$36,979	\$27,846

NOTE 12 Accrued Expenses, Other Liabilities, and Deferred Income Taxes

Automotive, Communications Services, and Other Operations

Accrued expenses, other liabilities, and deferred income taxes included the following (dollars in millions):

December 31,	2001	2000
Warranties, dealer and customer allowances, claims, and discounts	\$16,421	\$15,993
Deferred revenue ⁽¹⁾	8,331	9,974
Payrolls and employee benefits (excludes postemployment)	6,069	4,609
Unpaid losses under self-insurance programs	2,016	2,031
Taxes, other than income taxes	1,082	1,009
Interest	904	1,401
Deferred income taxes	2,420	2,430
Postemployment benefits (including extended disability benefits)	2,218	2,380
Other	8,423	9,193
Total accrued expenses, other liabilities, and deferred income taxes	\$47,884	\$49,020

Financing and Insurance Operations

Other liabilities and deferred income taxes included the following (dollars in millions):

December 31,	2001	2000
Unpaid insurance losses, loss adjustment expenses, and unearned insurance premiums	\$ 4,375	\$ 3,870
Postemployment benefits	766	761
Income taxes	483	571
Deferred income taxes	4,305	4,021
Interest	2,428	1,828
Interest rate derivatives ⁽²⁾	2,942	–
Other	960	1,871
Total other liabilities and deferred income taxes	\$16,259	\$12,922

(1) Principally relates to sales of vehicles to rental companies.

(2) Effective January 1, 2001, the Corporation began recording the fair market value of its derivatives on the balance sheet due to the implementation of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." (See Note 1 for further discussion.)

NOTE 13 Long-Term Debt and Loans Payable

Automotive, Communications Services, and Other Operations

Long-term debt and loans payable were as follows (dollars in millions):

	Weighted-Average Interest Rate		December 31,	
	2001	2000	2001	2000
Long-term debt and loans payable				
Payable within one year				
Current portion of long-term debt ⁽¹⁾	2.5%	6.3%	\$ 64	\$ 415
Commercial paper ⁽¹⁾	2.7%	5.8%	129	519
All other	3.8%	4.8%	2,209	1,274
Total loans payable	–	–	2,402	2,208
Payable beyond one year ⁽¹⁾	8.2%	8.1%	10,720	7,438
Unamortized discount			(27)	(28)
Mark to market adjustment			33	–
Total long-term debt and loans payable			\$13,128	\$9,618

(1) The weighted-average interest rates include the impact of interest rate swap agreements.

Long-term debt payable beyond one year at December 31, 2001 included maturities as follows: 2003 – \$767 million; 2004 – \$620 million; 2005 – \$796 million; 2006 – \$311 million; 2007 and after – \$8.2 billion.

Amounts payable beyond one year after consideration of foreign currency swaps at December 31, 2001 included \$840 million in currencies other than the U.S. dollar, primarily the Japanese yen (\$601 million), the Brazilian real (\$149 million), and the Canadian dollar (\$65 million).

At December 31, 2001 and 2000, long-term debt and loans payable for Automotive, Communications Services, and Other Operations included \$10.9 billion and \$8.3 billion, respectively, of obligations with fixed interest rates and \$2.2 billion and \$1.3 billion, respectively, of obligations with variable interest rates (predominantly LIBOR), after considering the impact of interest rate swap agreements.

NOTE 13 Long-Term Debt and Loans Payable (concluded)

To achieve its desired balance between fixed and variable rate debt, GM has entered into interest rate swap and cap agreements. The notional amounts of such agreements as of December 31, 2001 for Automotive, Communications Services, and Other Operations were approximately \$1.7 billion (\$239 million pay fixed and \$1.5 billion pay variable) and \$90 million, respectively. The notional amounts of such agreements as of December 31, 2000 for Automotive, Communications Services, and Other Operations were approximately \$1.2 billion (\$200 million pay fixed and \$1.0 billion pay variable) and \$90 million, respectively.

GM and its subsidiaries maintain substantial lines of credit with various banks that totaled \$11.0 billion at December 31, 2001, of which \$2.3 billion represented short-term credit facilities and \$8.7 billion represented long-term credit facilities. At December 31, 2000, bank lines of credit totaled \$11.6 billion, of which \$4.3 billion represented short-term credit facilities and \$7.3 billion represented long-term credit facilities. The unused short-term and long-term portions of the credit lines totaled \$1.8 billion and \$6.7 billion at December 31, 2001, compared with \$3.1 billion and \$6.2 billion at December 31, 2000. Certain bank lines of credit contain covenants with which the Corporation and applicable subsidiaries were in compliance during the year ended December 31, 2001.

Financing and Insurance Operations

Debt was as follows (dollars in millions):

	Weighted-Average Interest Rate		December 31,	
	2001	2000	2001	2000
Debt				
Payable within one year				
Current portion of debt ⁽¹⁾	4.3%	6.5%	\$ 22,014	\$ 18,603
Commercial paper ⁽¹⁾	2.7%	6.5%	16,620	43,634
All other	3.1%	4.6%	20,640	14,506
Total loans payable	—	—	59,274	76,743
Payable beyond one year ⁽¹⁾	5.5%	6.4%	93,717	58,846
Unamortized discount			(693)	(552)
Mark to market adjustment ⁽²⁾			888	—
Total debt			\$153,186	\$135,037

(1) The weighted-average interest rates include the impact of interest rate swap agreements.

(2) Effective January 1, 2001, the Corporation began recording its hedged debt at fair market value on the balance sheet due to the implementation of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."

Debt payable beyond one year at December 31, 2001 included maturities as follows: 2003 — \$23.5 billion; 2004 — \$18.5 billion; 2005 — \$7.5 billion; 2006 — \$15.7 billion; 2007 and after — \$28.5 billion.

Amounts payable beyond one year after consideration of foreign currency swaps at December 31, 2001 included \$12.0 billion in currencies other than the U.S. dollar, primarily the Canadian dollar (\$6.3 billion), the euro (\$3.1 billion), the G.B. pound sterling (\$995 million), and the Australian dollar (\$769 million).

At December 31, 2001 and 2000, debt for Financing and Insurance Operations included \$65.7 billion and \$86.1 billion, respectively, of obligations with fixed interest rates and \$87.3 billion and \$48.9, respectively, of obligations with variable interest rates (predominantly LIBOR), after considering the impact of interest rate swap agreements.

To achieve its desired balance between fixed and variable rate debt, GM has entered into interest rate swap, cap, and floor agreements. The notional amounts of such agreements as of December 31, 2001 for Financing and Insurance Operations were approximately \$46.2 billion (\$41.3 billion pay variable and \$4.9 billion pay fixed), \$23 million, and \$73 million, respectively. The notional amounts of such agreements as of December 31, 2000 for Financing and Insurance Operations were approximately \$35.2 billion (\$24.0 billion pay variable and \$11.2 billion pay fixed), \$74 million, and \$83 million, respectively.

GM's financing and insurance subsidiaries maintain substantial lines of credit with various banks that totaled \$49.8 billion at December 31, 2001, of which \$26.4 billion represented short-term credit facilities and \$23.4 billion represented long-term credit facilities. At December 31, 2000, bank lines of credit totaled \$48.5 billion, of which \$17.5 billion represented short-term credit facilities and \$31.0 billion represented long-term credit facilities. The unused short-term and long-term portions of the credit lines totaled \$15.7 billion and \$23.3 billion at December 31, 2001 compared with \$8.1 billion and \$30.5 billion at December 31, 2000. Certain bank lines of credit contain covenants with which the Corporation and applicable subsidiaries were in compliance during the year ended December 31, 2001.

NOTE 14 Pensions and Other Postretirement Benefits

GM has a number of defined benefit pension plans covering substantially all employees. Plans covering U.S. and Canadian represented employees generally provide benefits of negotiated, stated amounts for each year of service as well as significant supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the plans covering U.S. and Canadian salaried employees and employees in certain foreign locations are generally based on years of service and salary history. GM also has certain nonqualified pension plans covering executives that are based on targeted wage replacement percentages and are unfunded.

Pension plan assets are primarily invested in U.S. Government obligations, equity and fixed income securities, commingled pension trust funds, insurance contracts, GM \$1-2/3 common stock (valued at December 31, 2001 at \$50 million), and GM Class H common stock (valued at December 31, 2001 at \$2.3 billion).

GM's funding policy with respect to its qualified pension plans is to contribute annually not less than the minimum required by applicable law and regulations. GM made no pension contributions to the U.S. hourly and salary plans in 2001 and made contributions of \$5.0 billion in 2000 (consisting entirely of GM Class H common stock contributed during the second quarter of 2000), and \$794 million in 1999. In addition, GM made pension contributions to all other U.S. plans of \$99 million, \$69 million, and \$67 million in 2001, 2000, and 1999, respectively.

NOTE 14 Pensions and Other Postretirement Benefits (continued)

Additionally, GM maintains hourly and salary benefit plans that provide postretirement medical, dental, vision, and life insurance to most U.S. retirees and eligible dependents. The cost of such benefits is recognized in the consolidated financial statements during the period employees provide service to GM.

Postretirement plan assets in GM's VEBA trust are invested primarily in fixed income securities and GM Class H common stock (valued at December 31, 2001 at \$296 million).

Certain of the Corporation's non-U.S. subsidiaries have postretirement plans, although most participants are covered by government-sponsored or administered programs. The cost of such programs generally is not significant to GM.

	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits		Other Benefits	
	2001	2000	2001	2000	2001	2000
<i>(Dollars in millions)</i>						
Change in benefit obligations						
Benefit obligation at beginning of year	\$76,131	\$73,269	\$ 9,911	\$9,728	\$ 49,889	\$ 44,683
Service cost	901	900	176	177	480	448
Interest cost	5,294	5,425	638	630	3,733	3,346
Plan participants' contributions	25	32	24	25	50	47
Amendments	33	5	2	3	-	(49)
Actuarial losses	152	4,269	346	251	1,582	4,392
Benefits paid	(6,321)	(6,299)	(549)	(503)	(3,173)	(2,805)
Divestitures - Hughes' satellite systems	-	(1,263)	-	-	-	-
Curtailment charges and other	168	(207)	(598)	(400)	(72)	(173)
Benefit obligation at end of year	76,383	76,131	9,950	9,911	52,489	49,889
Change in plan assets						
Fair value of plan assets at beginning of year	77,866	80,462	7,397	7,062	6,724	6,291
Actual return on plan assets	(4,444)	634	(391)	821	(479)	421
Employer contributions	99	5,031	92	187	-	743
Plan participants' contributions	25	32	24	25	-	-
Benefits paid	(6,321)	(6,299)	(417)	(386)	(1,300)	(731)
Divestitures - Hughes' satellite systems	-	(1,841)	-	-	-	-
Settlement charges and other	97	(153)	(365)	(312)	-	-
Fair value of plan assets at end of year	67,322	77,866	6,340	7,397	4,945	6,724
Funded status	(9,061)	1,735	(3,610)	(2,514)	(47,544)	(43,165)
Unrecognized actuarial loss	21,207	9,195	1,808	555	8,902	6,444
Unrecognized prior service cost	7,174	8,442	740	909	249	207
Unrecognized transition obligation	-	1	54	63	-	-
Net amount recognized	\$19,320	\$19,373	\$(1,008)	\$ (987)	\$(38,393)	\$(36,514)
Amounts recognized in the consolidated balance sheets consist of:						
Prepaid benefit cost	\$ 7,006	\$20,184	\$ 521	\$1,676	\$ -	\$ -
Accrued benefit liability	(7,613)	(936)	(3,209)	(2,668)	(38,393)	(36,514)
Intangible asset	5,625	56	606	1	-	-
Accumulated other comprehensive income	14,302	69	1,074	4	-	-
Net amount recognized	\$19,320	\$19,373	\$(1,008)	\$ (987)	\$(38,393)	\$(36,514)

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were \$59.3 billion, \$58.8 billion, and \$48.2 billion, respectively, as of December 31, 2001, and \$4.0 billion, \$3.4 billion, and \$0, respectively, as of December 31, 2000.

	U.S. Plans Pension Benefits			Non-U.S. Plans Pension Benefits			Other Benefits		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
<i>(Dollars in millions) Years ended December 31,</i>									
Components of expense									
Service cost	\$ 901	\$ 900	\$ 1,007	\$ 176	\$ 177	\$ 202	\$ 480	\$ 448	\$ 502
Interest cost	5,294	5,425	4,722	638	630	604	3,733	3,346	2,802
Expected return on plan assets	(7,521)	(7,666)	(6,726)	(605)	(578)	(526)	(542)	(650)	(377)
Amortization of prior service cost	1,325	1,416	926	93	97	99	(45)	(42)	(104)
Amortization of transition asset	82	(48)	(37)	3	(17)	(17)	-	-	-
Recognized net actuarial loss/(gain)	-	8	348	(1)	2	79	96	70	124
Curtailments, settlements, and other	65	235	2,351	100	24	22	-	-	-
Discontinued operations	-	-	(2,349)	-	-	-	-	-	-
Net expense	\$ 146	\$ 270	\$ 242	\$ 404	\$ 335	\$ 463	\$3,722	\$3,172	\$2,947
Weighted-average assumptions									
Discount rate	7.3%	7.3%	7.8%	6.8%	7.1%	7.1%	7.3%	7.7%	7.7%
Expected return on plan assets	10.0%	10.0%	10.0%	8.9%	9.0%	9.0%	7.9%	8.1%	8.3%
Rate of compensation increase	5.0%	5.0%	5.0%	3.8%	4.0%	4.0%	4.7%	4.3%	4.4%

NOTE 14 Pensions and Other Postretirement Benefits (concluded)

For measurement purposes, an approximate 6% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2002 and 7.3% was assumed for 2003. The rate was assumed to decrease on a linear basis to 5.0% through 2008 and remain at that level thereafter. The lower assumed rate for 2002 and 2003 compared to the assumed rate for 2001 of 8.6% reflects the impact of various initiatives put in place in 2001 to lower 2002 claims experience.

A one percentage point increase in the assumed health care trend rate would have increased the Accumulated Projected Benefit Obligation (APBO) by \$5.4 billion at December 31, 2001 and increased the aggregate service and interest cost components of non-pension postretirement benefit expense for 2001 by \$472 million. A one percentage point decrease would have decreased the APBO by \$4.5 billion and decreased the aggregate service and interest cost components of non-pension postretirement benefit expense for 2001 by \$394 million.

GM's asset return assumption is derived from a detailed study conducted by GM's actuaries and GM's asset management group and is based on long-term historical data. Although in 2000 and 2001 asset returns have been below GM's long-term asset return assumption, in any 10-year period over the last 15 years, GM has achieved pension asset returns of 10% per annum or greater.

NOTE 15 Commitments and Contingent Matters

Commitments

GM had the following minimum commitments under non-cancelable operating leases having remaining terms in excess of one year, primarily for property: 2002 – \$630 million; 2003 – \$566 million; 2004 – \$464 million; 2005 – \$411 million, 2006 – \$468 million and \$2.1 billion in 2007 and thereafter. Certain of these minimum commitments fund the obligations of non-consolidated SPEs. Certain of the leases contain escalation clauses and renewal or purchase options. Rental expenses under operating leases were \$849 million, \$861 million, and \$825 million in 2001, 2000, and 1999, respectively.

GM sponsors a credit card program, entitled the GM Card program, that offers rebates that can be applied primarily against the purchase or lease of GM vehicles. The amount of rebates available to qualified cardholders (net of deferred program income) was \$3.9 billion, \$3.8 billion, and \$3.7 billion at December 31, 2001, 2000, and 1999, respectively. As part of a marketing agreement entered into with America Online, Inc. (AOL) on June 21, 1999, Hughes committed to increase its sales and marketing expenditures through 2002 by approximately \$1.5 billion related to DirecPC/AOL-Plus, DIRECTV, DIRECTV/AOL TV, and DirecDuo. At December 31, 2001, Hughes' remaining commitment under this agreement was approximately \$1.0 billion.

Contingent Matters

Litigation is subject to uncertainties and the outcome of individual litigated matters is not predictable with assurance. Various legal actions, governmental investigations, claims, and proceedings are pending against the Corporation, including those arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier, and other contractual relationships and environmental matters. In connection with the disposition by Hughes of its satellite systems manufacturing businesses to The Boeing Company in 2000, there are disputes regarding the purchase price and other matters that may result in payments by Hughes to The Boeing Company that would be material to Hughes. In connection with a dispute between Hughes and General Electric Capital Corporation ("GECC"), a judgment, currently being appealed by Hughes, was entered into in GECC's favor that, if not overturned, could be material to Hughes. GM has established reserves for matters in which losses are probable and can be reasonably estimated. Some of the matters may involve compensatory, punitive, or other treble damage claims, or demands for recall campaigns, environmental remediation programs, or sanctions, that if granted, could require the Corporation to pay damages or make other expenditures in amounts that could not be estimated at December 31, 2001. After discussion with counsel, it is the opinion of management that such liability is not expected to have a material adverse effect on the Corporation's consolidated financial condition or results of operations.

Beginning January 2004, Fiat S.p.A. (Fiat) has the right to exercise a put option to require GM to purchase 80% of Fiat Auto B.V. (Fiat Auto) at fair market value. The put expires on July 24, 2009. The process for establishing the value that would be paid by GM to Fiat involves the determination of "Fair Market Value" by investment banks that would be retained by the parties pursuant to provisions set out in the Master Agreement between GM and Fiat, which has been made public in filings with the SEC. If the put were exercised, GM would have the option to pay for the 80% interest in Fiat Auto entirely in shares of GM \$1-2/3 common stock, entirely in cash, or in whatever combination thereof GM may choose. To the extent GM chooses to pay in cash, that portion of the purchase price may be paid to Fiat in four installments over a three-year period.

NOTE 16 Preferred Securities of Subsidiary Trust**General Motors-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust**

In July 1997, the General Motors Capital Trust G (Trust) issued approximately \$143 million of its 9.87% Trust Originated Preferred SecuritiesSM (TOPrSSM), Series G (Series G Preferred Securities), in a one-for-one exchange for approximately 5 million of the outstanding GM Series G 9.12% Depositary Shares, each representing one-fourth of a share of GM Series G Preference Stock, \$0.10 par value per share.

Concurrently with the exchange and the related purchase by GM from the Trust of the common securities of the Trust, which represent approximately 3% of the total assets of the Trust, GM issued to the wholly-owned Trust, as the Trust's sole assets, its 9.87% Junior Subordinated Deferrable Interest Debentures, Series G, due July 1, 2012 (the "Series G Debentures"), having

an aggregate principal amount equal to the aggregate stated liquidation amount of the Series G Preferred Securities and the related common securities (\$131 million with respect to the Series G Debentures).

On April 2, 2001, GM redeemed the Series G Trust's sole assets causing the Series G Trust to redeem the approximately 5 million outstanding Series G 9.87% TOPrS. The Series G TOPrS were redeemed at a price of \$25 per share plus accrued and unpaid dividends of \$0.42 per share. Also on April 2, 2001, GM redeemed the approximately 5 million outstanding Series G 9.12% Depositary Shares, each of which represents a one-fourth interest in a GM Series G Preference Stock, at a price of \$25 per share plus accrued and unpaid dividends of \$0.59 per share. The securities together had a total face value of approximately \$252 million.

SM "Trust Originated Preferred Securities" and "TOPrS" are service trademarks of Merrill Lynch & Co.

NOTE 17 Stockholders' Equity

The following table presents changes in capital stock for the period from January 1, 1999 to December 31, 2001 (dollars in millions):

	Preference Stocks	Common Stocks		Total Capital Stock
		\$1-2/3 par value	Class H	
Balance at January 1, 1999	\$ 1	\$1,092	\$11	\$1,104
Shares reacquired	(1)	(75)	—	(76)
Shares issued	—	16	3	19
Balance at December 31, 1999	—	1,033	14	1,047
Shares reacquired	—	(184)	—	(184)
Shares issued	—	65	74	139
Balance at December 31, 2000	—	914	88	1,002
Shares reacquired	—	—	—	—
Shares issued	—	18	—	18
Balance at December 31, 2001	\$ —	\$ 932	\$88	\$1,020

Preference Stocks

On June 24, 1999, as part of a strategic alliance with Hughes, AOL invested \$1.5 billion in return for approximately 2.7 million shares of GM Series H 6.25% Automatically Convertible Preference Stock, par value \$0.10 per share. This preference stock will automatically convert into GM Class H common stock in June 2002, based upon a variable conversion factor linked to the GM Class H common stock price at the time of conversion, and accrues quarterly dividends at a rate of 6.25% per year. It may be converted earlier in certain limited circumstances. GM immediately invested the \$1.5 billion received from AOL into shares of Hughes Series A Preferred Stock designed to correspond to the financial terms of the GM Series H 6.25% Automatically Convertible Preference Stock. Dividends on the Hughes Series A Preferred Stock are payable to GM quarterly at an annual rate of 6.25%. Upon conversion of the GM Series H 6.25% Automatically Convertible Preference Stock into GM Class H common stock, Hughes will redeem the Series A Preferred Stock through a cash payment to GM equal to the fair market value of GM Class H common stock issuable upon the conversion. Simultaneous with GM's receipt of the cash redemption proceeds, GM will make a capital contribution to Hughes of the same amount.

Common Stocks

During the second quarter of 2000, GM completed an exchange offer in which GM repurchased 86 million shares of GM \$1-2/3 par value common stock and issued 92 million shares of GM Class H common stock. In addition, on June 12, 2000, GM contributed approximately 54 million shares and approximately 7 million shares of GM Class H common stock to the U.S. Hourly-Rate Employees Pension Plan and VEBA trust, respectively. The total value of the contributions was approximately \$5.6 billion. As a result of the exchange offer and employee benefit plan contributions, the economic interest in Hughes attributable to GM \$1-2/3 par value common stock decreased from approximately 62% to approximately 30% and the economic interest in Hughes attributable to GM Class H common stock increased from approximately 38% to 70% on a fully diluted basis.

On June 6, 2000, the GM Board declared a three-for-one stock split of the GM Class H common stock. The stock split was in the form of a 200% stock dividend, paid on June 30, 2000 to GM Class H common stockholders of record on June 13, 2000. All GM Class H common stock per share amounts and numbers of shares for all periods presented have been adjusted to reflect the stock split. Furthermore, as a result of this stock split, the voting and liquidation rights of

NOTE 17 Stockholders' Equity (concluded)

the GM Class H common stock were reduced from 0.6 votes per share and 0.6 liquidation units per share, to 0.2 votes per share and 0.2 liquidation units per share in order to avoid dilution in the aggregate voting or liquidation rights of any class. The voting and liquidation rights of the GM \$1-2/3 par value common stock were not changed. The voting and liquidation rights of GM \$1-2/3 par value common stock are one vote per share and one liquidation unit per share.

On July 24, 2000, Fiat S.p.A. purchased for \$2.4 billion approximately 32 million shares of GM \$1-2/3 par value common stock, or approximately 5.4% of GM's \$1-2/3 par value common stock outstanding as of that date.

The liquidation rights of the GM \$1-2/3 par value and GM Class H common stocks are subject to certain adjustments if outstanding common stock is subdivided, by stock split or otherwise, or if shares of one class of common stock are issued as a dividend to holders of another class of common stock. Holders of GM Class H common stock have no direct rights in the equity or assets of Hughes, but rather have rights in the equity and assets of GM (which includes 100% of the stock of Hughes).

The outstanding shares of GM Class H common stock may be recapitalized as shares of GM \$1-2/3 par value common stock

at any time after December 31, 2002, at the sole discretion of the GM Board, or automatically, if at any time the Corporation should sell, liquidate, or otherwise dispose of 80% or more of the business of Hughes, based on the fair market value of the assets, both tangible and intangible, of Hughes as of the date that such proposed transaction is approved by the GM Board. In the event of any recapitalization, all outstanding shares of GM Class H common stock will automatically be converted into GM's \$1-2/3 par value common stock at an exchange rate that would provide GM Class H common stockholders with that number of shares of GM \$1-2/3 par value common stock that would have a value equal to 120% of the value of their GM Class H common stock, on such date. A recapitalization of the type described in the prior sentence would occur if any of the triggering events took place unless the holders of GM common stock (including the holders of GM \$1-2/3 par value common stock and holders of the GM Class H common stock voting separately as individual classes) vote to approve an alternative proposal from the GM Board.

Other Comprehensive Income

The changes in the components of other comprehensive income (loss) are reported net of income taxes, as follows (dollars in millions):

Years ended December 31,	2001			2000			1999		
	Pre-tax Amount	Tax Exp. (Credit)	Net Amount	Pre-tax Amount	Tax Exp. (Credit)	Net Amount	Pre-tax Amount	Tax Exp. (Credit)	Net Amount
Foreign currency translation adjustments	\$ (565)	\$ (148)	\$ (417)	\$ (741)	\$ (272)	\$ (469)	\$ (1,519)	\$ (575)	\$ (944)
Unrealized (loss) gain on securities:									
Unrealized holding (loss) gain	(41)	(26)	(15)	(481)	(179)	(302)	998	372	626
Reclassification adjustment	(81)	(27)	(54)	(175)	(62)	(113)	(171)	(60)	(111)
Net unrealized (loss) gain	(122)	(53)	(69)	(656)	(241)	(415)	827	312	515
Minimum pension liability adjustment	(15,303)	(5,767)	(9,536)	118	42	76	7,980	3,012	4,968
Net unrealized loss on derivatives	(387)	(80)	(307)	—	—	—	—	—	—
Other comprehensive (loss) income from continuing operations	\$ (16,377)	\$ (6,048)	\$ (10,329)	\$ (1,279)	\$ (471)	\$ (808)	\$ 7,288	\$ 2,749	\$ 4,539

NOTE 18 Earnings Per Share Attributable to Common Stocks

Earnings per share (EPS) attributable to each class of GM common stock was determined based on the attribution of earnings to each such class of common stock for the period divided by the weighted-average number of common shares for each such class outstanding during the period. Diluted EPS attributable to each class of GM common stock considers the impact of potential common shares, unless the inclusion of the potential common shares would have an antidilutive effect. All GM Class H common stock per share amounts and numbers of shares for 2000 and 1999 have been adjusted to reflect the three-for-one stock split, in the form of a 200% stock dividend, paid on June 30, 2000.

The attribution of earnings to each class of GM common stock was as follows (dollars in millions):

Years ended December 31,	2001	2000	1999
Earnings attributable to common stocks			
\$1-2/3 par value			
Continuing operations	\$ 984	\$ 3,957	\$ 5,592
Discontinued operations	—	—	426
Earnings attributable to \$1-2/3 par value	\$ 984	\$ 3,957	\$ 6,018
Earnings (losses) attributable to Class H	\$ (482)	\$ 385	\$ (96)

Earnings attributable to GM \$1-2/3 par value common stock for the period represent the earnings attributable to all GM common stocks for the period, reduced by the Available Separate Consolidated Net Income (ASCNI) of Hughes for the respective period.

NOTE 18 Earnings Per Share Attributable to Common Stocks
(concluded)

Earnings (losses) attributable to GM Class H common stock represent the ASCNI of Hughes, excluding the effects of GM purchase accounting adjustments arising from GM's acquisition of Hughes Aircraft Company, reduced by the amount of dividends accrued on the Series A Preferred Stock of Hughes (as an equivalent measure of the effect that GM's payment of dividends on the GM Series H 6.25% Automatically Convertible Preference Stock would have if paid by Hughes). The calculated earnings (losses) used for computation of the ASCNI of Hughes is then multiplied by a fraction, the numerator of which is equal to the weighted-average number of shares of GM Class H common stock outstanding (876 million, 681 million, and 374 million, for 2001, 2000, and 1999, respectively), and the denominator of which is a number equal to the weighted-average number of shares of GM Class H common stock which if issued and outstanding would represent a 100% interest in the earnings of Hughes (the "Average Class H dividend base"). The Average Class H dividend base was 1.3 billion during 2001, 2000, and 1999, respectively. Upon conversion of the GM Series H 6.25% Automatically Convertible Preference Stock into GM Class H common stock, and the redemption of Series A Preferred Stock and simultaneous capital contribution to

Hughes, both the numerator and the denominator used in the computation of ASCNI will increase by the number of shares of the GM Class H common stock issued.

In addition, the denominator used in determining the ASCNI of Hughes may be adjusted on occasion as deemed appropriate by the GM Board to reflect subdivisions or combinations of the GM Class H common stock, certain transfers of capital to or from Hughes, the contribution of shares of capital stock of GM to or for the benefit of Hughes employees, and the retirement of GM Class H common stock purchased by Hughes. The GM Board's discretion to make such adjustments is limited by criteria set forth in GM's Restated Certificate of Incorporation.

Shares of GM Class H common stock delivered by GM in connection with the award of such shares to and the exercise of stock options by employees of Hughes increase the numerator and denominator of the fraction referred to above. On occasion, in anticipation of exercises of stock options, Hughes purchases GM Class H common stock from the open market. Upon purchase, these shares are retired and therefore decrease the numerator and denominator of the fraction referred to above.

The reconciliation of the amounts used in the basic and diluted earnings per share computations for income from continuing operations was as follows (dollars in millions except per share amounts):

	\$1-2/3 Par Value Common Stock			Class H Common Stock		
	Income	Shares	Per Share Amount	ASCNI	Shares	Per Share Amount
Year ended December 31, 2001						
Income (loss) from continuing operations	\$1,018			\$(417)		
Less: Dividends on preference stocks	34			65		
Basic EPS						
Income (loss) from continuing operations attributable to common stocks	984	551	\$1.78	(482)	876	\$(0.55)
Effect of Dilutive Securities						
Assumed exercise of dilutive stock options	-	5		-	-	
Diluted EPS						
Adjusted income (loss) from continuing operations attributable to common stocks	\$ 984	556	\$1.77	\$(482)	876	\$(0.55)
Year ended December 31, 2000						
Income from continuing operations	\$4,016			\$ 436		
Less: Dividends on preference stocks	59			51		
Basic EPS						
Income from continuing operations attributable to common stocks	3,957	582	\$6.80	385	681	\$ 0.56
Effect of Dilutive Securities						
Assumed exercise of dilutive stock options	(7)	9		7	27	
Diluted EPS						
Adjusted income from continuing operations attributable to common stocks	\$3,950	591	\$6.68	\$ 392	708	\$ 0.55
Year ended December 31, 1999						
Income (loss) from continuing operations	\$5,657			\$ (81)		
Less: Dividends on preference stocks	65			15		
Basic EPS						
Income (loss) from continuing operations attributable to common stocks	5,592	643	\$8.70	(96)	374	\$(0.26)
Effect of Dilutive Securities						
Assumed exercise of dilutive stock options	-	12		-	-	
Diluted EPS						
Adjusted income (loss) from continuing operations attributable to common stocks	\$5,592	655	\$8.53	\$ (96)	374	\$(0.26)

NOTE 19 Derivative Financial Instruments and Risk Management

Effective January 1, 2001, GM adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended, which requires that all derivatives be recorded at fair value on the balance sheet and establishes criteria for designation and effectiveness of derivative transactions for which hedge accounting is applied. GM assesses the initial and ongoing effectiveness of its hedging relationships in accordance with its documented policies. The adoption of this standard did not have a material impact on GM's consolidated financial position or results of operations.

GM is exposed to market risk from changes in foreign currency exchange rates, interest rates, and certain commodity and equity security prices. In the normal course of business, GM enters into a variety of foreign exchange, interest rate, and commodity forward contracts, swaps, and options, with the objective of minimizing exposure arising from these risks. A risk management control system is utilized to monitor foreign exchange, interest rate, commodity and equity price risks, and related hedge positions.

Cash Flow Hedges

GM uses financial instruments designated as cash flow hedges to hedge the Corporation's exposure to foreign currency exchange risk associated with buying, selling, and financing in currencies other than the local currencies in which it operates, and its exposure to commodity price risk associated with changes in prices of commodities used in its automotive business, primarily non-ferrous metals used in the manufacture of automotive components. For transactions denominated in foreign currencies GM typically hedges forecasted and firm commitment exposures up to one year in the future. For commodities, GM hedges exposures up to 6 years in the future. For the year ended December 31, 2001, hedge ineffectiveness associated with instruments designated as cash flow hedges, and changes in the time value of the instruments (which are excluded from the assessment of hedge effectiveness), increased cost of sales and other expenses by \$5 million and \$101 million, respectively. Derivative gains and losses included in other comprehensive income are reclassified into earnings at the time that the associated hedged transactions impact the income statement. For the year ended December 31, 2001, net derivative gains of \$2 million were reclassified to cost of sales and other expenses. These net gains were offset by net losses on the transactions being hedged. Approximately \$139 million of net derivative losses included in other comprehensive income at December 31, 2001 will be reclassified into earnings within twelve months from that date.

Fair Value Hedges

GM uses financial instruments designated as fair value hedges to manage certain of the Corporation's exposure to interest rate risk. GM is subject to market risk from exposures to changes in interest rates due to its financing, investing, and cash management activities. A variety of instruments are used to hedge GM's exposure associated with its fixed rate debt and mortgage servicing rights (MSR's). For the year ended December 31, 2001, hedge ineffectiveness associated with instruments designated as fair value hedges, primarily due to the hedging of MSR's, increased selling, general, and administrative expenses by \$218 million. During the same period, no fair value hedges were derecognized.

Undesignated Derivative Instruments

Forward contracts and options not designated as hedging instruments under SFAS No. 133 are also used to hedge certain foreign currency, commodity, and interest rate exposures. Unrealized gains and losses on such instruments are recognized currently in earnings.

NOTE 20 Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value; therefore, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions and/or estimation methodologies may be material to the estimated fair value amounts.

Book and estimated fair values of financial instruments, for which it is practicable to estimate fair value, were as follows (dollars in millions):

December 31,	2001		2000	
	Book Value	Fair Value	Book Value	Fair Value
Automotive, Communications Services, and Other Operations				
Assets				
Other assets ⁽¹⁾	\$ 4,076	\$ 4,040	\$ 5,431	\$ 5,433
Derivative assets	\$ 187	\$ 187	\$ 46	\$ 144
Liabilities				
Long-term debt ⁽²⁾	\$10,726	\$ 11,817	\$ 7,410	\$ 7,019
Other liabilities ⁽¹⁾	\$ 487	\$ 510	\$ 516	\$ 548
Derivative liabilities	\$ 281	\$ 281	\$ 30	\$ 106
Preferred securities of subsidiary trusts ⁽³⁾				
(Note 16)	\$ -	\$ -	\$ 139	\$ 136
Financing and Insurance Operations				
Assets				
Finance receivables - net ⁽⁴⁾	\$99,813	\$101,368	\$92,415	\$92,343
Other assets ⁽¹⁾	\$21,770	\$ 21,971	\$14,260	\$14,285
Derivative assets	\$ 1,673	\$ 1,673	\$ 408	\$ 1,290
Liabilities				
Debt (payable beyond one year) ⁽²⁾	\$93,024	\$ 93,398	\$58,295	\$57,863
Derivative liabilities	\$ 2,942	\$ 2,942	\$ 987	\$ 1,840

(1) Other assets include various financial instruments (e.g., long-term receivables and certain investments) that have fair values based on discounted cash flows, market quotations, and other appropriate valuation techniques. The fair values of retained subordinated interests in trusts and excess servicing assets (net of deferred costs) were derived by discounting expected cash flows using current market rates. Estimated values of Industrial Development Bonds, included in other liabilities, were based on quoted market prices for the same or similar issues.

(2) Long-term debt has an estimated fair value based on quoted market prices for the same or similar issues or based on the current rates offered to GM for debt of similar remaining maturities.

(3) The fair value of the GM-obligated mandatorily redeemable preferred securities of subsidiary trusts (see Note 16) was determined based on quoted market prices.

(4) The fair value was estimated by discounting the future cash flows using applicable spreads to approximate current rates applicable to each category of finance receivables.

NOTE 20 Fair Value of Financial Instruments (concluded)

Due to their short-term nature, the book value approximates fair value for cash and marketable securities, accounts and notes receivable (less allowances), accounts payable (principally trade), Automotive, Communications Services, and Other Operations' loans payable and Financing and Insurance Operations' debt payable within one year for the periods ending December 31, 2001 and 2000.

NOTE 21 Stock Incentive Plans

Stock-Based Compensation

If compensation cost for stock options and other stock-based employee compensation awards had been determined based on the fair value at the grant date, consistent with the method prescribed by SFAS No. 123, GM's pro forma net income, earnings attributable to common stocks, and basic and diluted earnings per share attributable to common stocks would have been as follows (dollars in millions except per share amounts):

	2001	2000	1999
Net income – as reported	\$ 601	\$4,452	\$6,002
– pro forma	\$ 227	\$4,125	\$5,788
Earnings (losses) attributable to common stocks			
\$1-2/3 – as reported	\$ 984	\$3,957	\$6,018
– pro forma	\$ 769	\$3,709	\$5,823
Class H – as reported	\$ (482)	\$ 385	\$ (96)
– pro forma	\$ (642)	\$ 306	\$ (115)
Basic earnings (losses) per share attributable to common stocks			
\$1-2/3 – as reported	\$ 1.78	\$ 6.80	\$ 9.36
– pro forma	\$ 1.39	\$ 6.38	\$ 9.06
Class H – as reported	\$ (0.55)	\$ 0.56	\$ (0.26)
– pro forma	\$ (0.73)	\$ 0.45	\$ (0.31)
Diluted earnings (losses) per share attributable to common stocks			
\$1-2/3 – as reported	\$ 1.77	\$ 6.68	\$ 9.18
– pro forma	\$ 1.38	\$ 6.26	\$ 8.88
Class H – as reported	\$ (0.55)	\$ 0.55	\$ (0.26)
– pro forma	\$ (0.73)	\$ 0.44	\$ (0.31)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	GM SIP	Hughes Plan	GM SSOP
2001			
Interest rate	4.6%	5.1%	4.6%
Expected life (years)	5.0	7.0	5.0
Expected volatility	31.2%	51.3%	31.1%
Dividend yield	3.8%	–	3.8%
2000			
Interest rate	6.4%	6.5%	6.5%
Expected life (years)	5.0	6.9	5.0
Expected volatility	27.8%	42.1%	27.6%
Dividend yield	2.7%	–	2.7%
1999			
Interest rate	4.8%	5.2%	4.8%
Expected life (years)	5.0	7.0	5.0
Expected volatility	27.9%	38.0%	27.9%
Dividend yield	2.3%	–	2.3%

The effects of the Delphi spin-off adjustment on the number of options and related exercise prices, as described below, are considered, under SFAS No. 123, to be modifications of the terms of the outstanding options. Accordingly, the pro forma disclosure includes compensation cost for the incremental fair value, under SFAS No. 123, resulting from such modifications. The pro forma amounts for compensation cost are not indicative of the effects on operating results for future periods.

GM's stock incentive plans consist of the General Motors 1997 Stock Incentive Plan, formerly the General Motors Amended Stock Incentive Plan (the "GMSIP"), the Hughes Electronics Corporation Incentive Plan (the "Hughes Plan"), and the General Motors 1998 Salaried Stock Option Plan (the "GMSSOP"). The GMSIP and GMSSOP are administered by the Executive Compensation Committee of the GM Board. The Hughes Plan is administered by the Executive Compensation Committee of the Board of Directors of Hughes.

Under the GMSIP, 60 million shares of GM \$1-2/3 par value and 7.5 million shares of GM Class H common stocks may be granted from June 1, 1997 through May 31, 2002, of which approximately 15.3 million and 6.9 million were available for grants at December 31, 2001. Options granted prior to 1997 under the GMSIP generally are exercisable one-half after one year and one-half after two years from the dates of grant. Stock option grants awarded since 1997 vest ratably over three years from the date of grant. Option prices are 100% of fair market value on the dates of grant and the options generally expire 10 years from the dates of grant, subject to earlier termination under certain conditions.

NOTE 21 Stock Incentive Plans (continued)

Under the Hughes Plan, Hughes may grant shares, rights, or options to acquire up to 233 million shares of GM Class H common stock through December 31, 2001, of which 75 million were available for grants at December 31, 2001. Option prices are 100% of fair market value on the dates of grant and the options generally vest over two to five years and expire 10 years from the dates of grant, subject to earlier termination under certain conditions.

Under the GMSSOP, 50 million shares of GM \$1-2/3 par value common stock may be granted from January 1, 1998 through December 31, 2007, of which approximately 34 million were available for grants at December 31, 2001. Stock options vest one year following the date of grant and are exercisable

two years from the date of grant. Option prices are 100% of fair market value on the dates of grant and the options generally expire 10 years and two days from the dates of grant subject to earlier termination under certain conditions.

In connection with the Delphi spin-off, the number of options and related exercise prices for outstanding options under the affected plans were adjusted to reflect the change in the fair market value of GM \$1-2/3 par value common stock that resulted from this transaction. The number of shares under option and the exercise price were adjusted such that the aggregate intrinsic value of the options immediately before and immediately after the transaction remained unchanged. Class H common stock share amounts and numbers of shares for 2000 and 1999 have been adjusted to reflect the three-for-one stock split in the form of a 200% stock dividend paid on June 30, 2000.

Changes in the status of outstanding options were as follows:

	GMSIP \$1-2/3 Par Value Common		GMSIP and Hughes Plan Class H Common		GMSSOP \$1-2/3 Par Value Common	
	Shares under Option	Weighted- Average Exercise Price	Shares under Option	Weighted- Average Exercise Price	Shares under Option	Weighted- Average Exercise Price
Options outstanding at January 1, 1999	33,524,280	\$50.72	50,080,851	\$11.62	4,295,623	\$56.00
Granted	9,811,209	\$85.79	15,277,260	\$16.05	4,764,052	\$85.97
Exercised	7,902,380	\$46.04	10,798,119	\$ 9.83	—	\$ —
Terminated	3,198,739	\$55.25	4,294,746	\$13.49	2,285,969	\$73.56
Delphi Spin-Off adjustment	6,774,777	\$ —	—	\$ —	1,288,914	\$ —
Options outstanding at December 31, 1999	39,009,147	\$51.30	50,265,246	\$13.10	8,062,620	\$58.73
Granted	11,231,004	\$74.14	35,641,517	\$37.05	4,182,955	\$75.50
Exercised	6,831,078	\$42.95	6,545,206	\$11.45	1,635,248	\$46.59
Terminated	283,967	\$64.48	11,249,673	\$30.96	242,863	\$63.46
Options outstanding at December 31, 2000	43,125,106	\$58.49	68,111,884	\$22.76	10,367,464	\$67.30
Granted	13,141,725	\$52.49	38,029,467	\$23.34	3,902,862	\$52.35
Exercised	1,682,731	\$39.66	2,068,506	\$11.25	37,655	\$46.59
Terminated	1,641,974	\$61.08	6,565,541	\$27.66	154,690	\$66.27
Options outstanding at December 31, 2001	52,942,126	\$57.52	97,507,304	\$22.90	14,077,981	\$63.22
Options exercisable at December 31, 2001	29,890,175	\$53.93	38,333,135	\$15.75	6,148,695	\$61.97

NOTE 21 Stock Incentive Plans (concluded)

The following table summarizes information about GM's stock option plans at December 31, 2001:

Range of Exercise Prices	Options Outstanding	Weighted-Avg. Remaining Contractual Life (yrs.)	Weighted-Avg. Exercise Price	Options Exercisable	Weighted-Avg. Exercise Price
GMSIP \$1-2/3 Par Value Common					
\$19.00 to \$39.99	1,858,662	2.3	\$31.23	1,858,662	\$31.23
40.00 to 49.99	17,356,656	5.1	\$44.85	17,225,726	\$44.85
50.00 to 83.50	33,726,808	8.1	\$65.48	10,805,787	\$72.31
\$19.00 to \$83.50	52,942,126	6.9	\$57.52	29,890,175	\$53.93
GMSIP and Hughes Plan Class H Common					
\$ 3.00 to \$ 8.99	2,024,462	2.5	\$ 6.95	2,024,462	\$ 6.95
9.00 to 16.99	29,837,702	5.5	\$12.57	26,096,895	\$12.21
17.00 to 24.99	23,729,349	8.5	\$19.61	6,150,151	\$18.32
25.00 to 32.99	18,055,604	8.9	\$27.81	266,599	\$30.23
33.00 to 41.50	23,860,187	7.9	\$37.11	3,795,028	\$40.67
\$ 3.00 to \$41.50	97,507,304	7.4	\$22.90	38,333,135	\$15.75
GMSSOP \$1-2/3 Par Value Common					
\$46.59	2,356,590	6.0	\$46.59	2,356,590	\$46.59
52.35	3,872,111	9.0	\$52.35	—	\$ —
71.53	3,792,105	7.0	\$71.53	3,792,105	\$71.53
75.50	4,057,175	8.0	\$75.50	—	\$ —
\$46.59 to \$75.50	14,077,981	7.7	\$63.22	6,148,695	\$61.97

NOTE 22 Hughes/EchoStar Transactions

On October 28, 2001, GM and its wholly owned subsidiary Hughes, together with EchoStar Communications Corporation (EchoStar), announced the signing of definitive agreements that, subject to stockholder approval, regulatory clearance, and certain other conditions, provide for the split-off of Hughes from GM and the subsequent merger of the Hughes business with EchoStar. These transactions are designed to address strategic challenges currently facing the Hughes business and to provide liquidity and value to GM, which would help to support the credit position of GM after the transactions.

The split-off of Hughes from GM would occur by means of a distribution to the holders of GM Class H common stock of one share of Class C common stock of a Hughes holding company (that will own all of the stock of Hughes at the time of the split-off) in exchange for each share of GM Class H common stock held immediately prior to the split-off. Immediately following the split-off, the businesses of Hughes and EchoStar would be combined in the Hughes/EchoStar merger to form New EchoStar. Each share of the Hughes holding company Class C common stock shares would remain outstanding and become a share of Class C common stock of New EchoStar. Holders of Class A and Class B common stock of EchoStar would receive 1/0.73, or about 1.3699 shares of stock of the merged entity in exchange for each share of Class A or Class B common stock of EchoStar held prior to the Hughes/EchoStar merger.

The transactions are structured in a manner that will not result in the recapitalization of GM Class H common stock into GM \$1-2/3 par value common stock at a 120% exchange ratio, as currently provided for under certain circumstances in the General Motors Restated Certificate of Incorporation, as amended. The GM \$1-2/3 par value common stock would remain outstanding and would be GM's only class of common stock after the transactions.

As part of the transactions, GM would receive a dividend from Hughes of up to \$4.2 billion in cash and its approximately 30% retained economic interest in Hughes would be reduced by a commensurate amount. In addition, GM may achieve additional liquidity with respect to a portion of its retained economic interest in Hughes represented by up to 100 million shares of GM Class H common stock (or, after the transactions, New EchoStar Class C common stock), including by exchanging such shares for GM outstanding obligations. Following these transactions, subject to IRS approval, and based on a number of assumptions, GM may retain an interest in the merged entity.

GM, Hughes, and EchoStar have agreed that, in the event that the transactions do not occur because certain specified regulatory-related conditions have not been satisfied, EchoStar will be required to purchase Hughes' interest in PanAmSat Corporation for an aggregate purchase price of approximately \$2.7 billion, which is payable, depending on the circumstances, solely in cash or in a combination of cash and either debt or equity securities of EchoStar. In addition, in the event that the transactions do not occur because certain of the specified regulatory clearances or approvals relating to United States antitrust and or federal communication commission matters have not been satisfied, EchoStar will be required to pay a \$600 million termination fee to Hughes.

NOTE 23 Other Income and Other Expenses

Other income (included in Total net sales and revenues) and other expenses (included in Cost of sales and other expenses) consisted of the following (dollars in millions):

Years ended December 31,	2001	2000	1999
Automotive, Communications Services, and Other Operations			
Other income			
Interest income	\$ 771	\$ 619	\$ 769
Rental car lease revenue	1,424	1,584	1,632
Gain on sale of Hughes' satellite systems ⁽¹⁾	—	2,036	—
Claims, commissions, and grants	767	756	782
Other	369	247	289
Total other income	\$3,331	\$5,242	\$3,472
Total other expenses	\$ 316	\$ 348	\$ 503

(1) Represents the gain on the sale of Hughes' satellite systems manufacturing businesses to The Boeing Company for \$3.8 billion in cash.

Financing and Insurance Operations

Other income			
Interest income	\$2,269	\$1,794	\$1,479
Insurance premiums	1,524	1,394	1,339
Mortgage operations			
investment income and servicing fees	4,800	3,445	2,742
Other	1,082	870	157
Total other income	\$9,675	\$7,503	\$5,717
Other expenses			
Provision for financing losses	\$1,347	\$ 552	\$ 404
Insurance losses and loss adjustment expenses	1,180	1,028	882
Total other expenses	\$2,527	\$1,580	\$1,286

NOTE 24 Segment Reporting

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," established standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. GM's chief operating decision maker is the Chief Executive Officer. The operating segments are managed separately because each operating segment represents a strategic business unit that offers different products and serves different markets.

GM's reportable operating segments within its Automotive, Communications Services, and Other Operations (ACO) business consist of General Motors Automotive (GMA) (which is comprised of four regions: GMNA, GME, GMLAAM, GMAP), Hughes, and Other. GMNA designs, manufactures, and/or markets vehicles primarily in North America under the following nameplates: Chevrolet, Pontiac, GMC, Oldsmobile, Buick, Cadillac, Saturn, and Hummer. GME, GMLAAM, and GMAP meet the demands of customers outside North America with vehicles designed, manufactured, and marketed under the following nameplates: Opel, Vauxhall, Holden, Isuzu, Saab, Buick, Chevrolet, GMC, and Cadillac. Hughes includes activities relating to digital entertainment, information and communications services, and satellite-based private business networks. The Other segment includes the design, manufacturing, and marketing of locomotives and heavy-duty transmissions, the elimination of intersegment transactions, certain non-segment specific revenues and expenditures, and certain corporate activities. GM's reportable operating segments within its Financing and Insurance Operations business consist of GMAC and Other. GMAC provides a broad range of financial services, including consumer vehicle financing, full-service leasing and fleet leasing, dealer financing, car and truck extended service contracts, residential and commercial mortgage services, commercial, vehicle and homeowners' insurance, and asset-based lending. The Financing and Insurance Operations' Other segment includes financing entities operating in the U.S., Canada, Brazil, and Mexico which are not associated with GMAC.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies except that the disaggregated financial results have been prepared using a management approach, which is consistent with the basis and manner in which GM management internally disaggregates financial information for the purposes of assisting in making internal operating decisions. GM evaluates performance based on stand-alone operating segment net income and generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

NOTE 24 Segment Reporting (continued)

<i>(Dollars in millions)</i>	GMNA	GME	GMLAAM
2001			
Manufactured products sales and revenues:			
External customers	\$105,859	\$22,249	\$5,615
Intersegment	(1,772)	820	200
<i>Total manufactured products</i>	104,087	23,069	5,815
Financing revenue	—	—	—
Other income	2,851	631	49
<i>Total net sales and revenues</i>	\$106,938	\$23,700	\$5,864
Depreciation and amortization	\$ 4,515	\$ 994	\$ 146
Interest income	\$ 831	\$ 369	\$ 27
Interest expense	\$ 969	\$ 349	\$ 95
Income tax expense (benefit)	\$ 423	\$ (282)	\$ (18)
(Losses) earnings of nonconsolidated associates	\$ (37)	\$ 41	\$ (6)
Net income (loss)	\$ 1,270	\$ (765)	\$ (81)
Investments in nonconsolidated affiliates	\$ 665	\$ 886	\$ 614
Segment assets	\$ 89,501	\$18,552	\$4,181
Expenditures for property	\$ 5,771	\$ 1,477	\$ 125
2000			
Manufactured products sales and revenues:			
External customers	\$111,481	\$23,815	\$5,470
Intersegment	(1,659)	1,040	184
<i>Total manufactured products</i>	109,822	24,855	5,654
Financing revenue	—	—	—
Other income	2,901	503	59
<i>Total net sales and revenues</i>	\$112,723	\$25,358	\$5,713
Depreciation and amortization	\$ 4,564	\$ 1,357	\$ 272
Interest income	\$ 633	\$ 403	\$ 22
Interest expense	\$ 1,175	\$ 408	\$ 101
Income tax expense (benefit)	\$ 1,218	\$ (209)	\$ (122)
(Losses) earnings of nonconsolidated associates	\$ (74)	\$ 7	\$ 69
Net income (loss)	\$ 3,174	\$ (676)	\$ 26
Investments in nonconsolidated affiliates	\$ 780	\$ 170	\$ 436
Segment assets	\$ 90,502	\$18,857	\$4,166
Expenditures for property	\$ 6,073	\$ 1,517	\$ 233
1999			
Manufactured products sales and revenues:			
External customers	\$110,388	\$24,646	\$4,445
Intersegment	(1,595)	1,025	234
<i>Total manufactured products</i>	108,793	25,671	4,679
Financing revenue	—	—	—
Other income	3,142	554	30
<i>Total net sales and revenues</i>	\$111,935	\$26,225	\$4,709
Depreciation and amortization	\$ 4,457	\$ 1,086	\$ 228
Interest income	\$ 929	\$ 433	\$ 45
Interest expense	\$ 1,223	\$ 337	\$ 95
Income tax expense (benefit)	\$ 2,361	\$ 220	\$ (156)
(Losses) earnings of nonconsolidated associates	\$ (30)	\$ 1	\$ 45
Net income (loss)	\$ 4,857	\$ 423	\$ (81)
Investments in nonconsolidated affiliates	\$ 539	\$ 52	\$ 332
Segment assets	\$ 82,851	\$18,156	\$4,102
Expenditures for property	\$ 4,604	\$ 1,228	\$ 358

(a) The amount reported for Hughes excludes amortization of GM purchase accounting adjustments related to GM's acquisition of Hughes Aircraft Company of approximately \$3 million, \$16 million (\$3 million related to PanAmSat and \$13 million related to the satellite systems manufacturing businesses prior to the sale to The Boeing Company on October 6, 2000), and \$21 million for 2001, 2000, and 1999, respectively. These adjustments were allocated to GM's Other segment which is consistent with the basis upon which segments are evaluated.

(b) Excludes satellite expenditures totaling \$936 million, \$766 million, and \$789 million in 2001, 2000, and 1999, respectively. Also excludes expenditures related to the early buy-out of satellite sale-leasebacks totaling \$0, \$0, and \$370 million in 2001, 2000, and 1999, respectively.

(c) The amount reported for Hughes includes the write-off of approximately \$329 million of unamortized goodwill related to the satellite systems manufacturing businesses at the time of the sale to The Boeing Company.

(d) Other includes income (loss) from discontinued operations related to Delphi of \$426 million for the year ended December 31, 1999.

GMAP	GMA	Hughes	Other	ACO	GMAC	Other Financing	Total Financing
\$3,262	\$136,985	\$ 8,236	\$ 2,939	\$148,160	\$ -	\$ -	\$ -
752	-	25	(25)	-	-	-	-
4,014	136,985	8,261	2,914	148,160	-	-	-
-	-	-	-	-	15,083	1,011	16,094
187	3,718	57	(444)	3,331	10,389	(714)	9,675
\$4,201	\$140,703	\$ 8,318	\$ 2,470	\$151,491	\$ 25,472	\$ 297	\$ 25,769
\$ 117	\$ 5,772	\$ 1,144 ^(a)	\$ 135	\$ 7,051	\$ 5,305	\$ 552	\$ 5,857
\$ 14	\$ 1,241	\$ 57	\$ (527)	\$ 771	\$ 2,696	\$ (427)	\$ 2,269
\$ 8	\$ 1,421	\$ 196	\$ (866)	\$ 751	\$ 7,606	\$ 233	\$ 7,839
\$ 24	\$ 147	\$ (326)	\$ (91)	\$ (270)	\$ 1,075	\$ (37)	\$ 1,038
\$ (61)	\$ (63)	\$ (61)	\$ (5)	\$ (129)	\$ (5)	\$ 3	\$ (2)
\$ (57)	\$ 367	\$ (618) ^(a)	\$ (916)	\$ (1,167)	\$ 1,786	\$ (18)	\$ 1,768
\$2,700	\$ 4,865	\$ 55	\$ 30	\$ 4,950	\$ 1,062	\$(1,062)	\$ -
\$ 896	\$113,130	\$19,154	\$ (2,074)	\$130,210	\$192,721	\$ 1,038	\$193,759
\$ 194	\$ 7,567	\$ 799 ^(b)	\$ 245	\$ 8,611	\$ 13	\$ 7	\$ 20
\$2,999	\$143,765	\$ 8,514	\$ 3,106	\$155,385	\$ -	\$ -	\$ -
435	-	34	(34)	-	-	-	-
3,434	143,765	8,548	3,072	155,385	-	-	-
-	-	-	-	-	15,493	1,009	16,502
172	3,635	2,141	(534)	5,242	8,168	(665)	7,503
\$3,606	\$147,400	\$10,689	\$ 2,538	\$160,627	\$ 23,661	\$ 344	\$ 24,005
\$ 107	\$ 6,300	\$ 996 ^{(a)(c)}	\$ 133	\$ 7,429	\$ 5,505	\$ 477	\$ 5,982
\$ 13	\$ 1,071	\$ 106	\$ (558)	\$ 619	\$ 2,231	\$ (437)	\$ 1,794
\$ 4	\$ 1,688	\$ 218	\$ (1,091)	\$ 815	\$ 8,295	\$ 442	\$ 8,737
\$ 17	\$ 904	\$ 577	\$ (38)	\$ 1,443	\$ 954	\$ (4)	\$ 950
\$ (195)	\$ (193)	\$ (142)	\$ (1)	\$ (336)	\$ -	\$ 4	\$ 4
\$ (233)	\$ 2,291	\$ 829 ^{(a)(c)}	\$ (281)	\$ 2,839	\$ 1,602	\$ 11	\$ 1,613
\$1,915	\$ 3,301	\$ 82	\$ 114	\$ 3,497	\$ 982	\$ (982)	\$ -
\$1,108	\$114,633	\$19,220	\$ (497)	\$133,356	\$168,410	\$ 1,334	\$169,744
\$ 168	\$ 7,991	\$ 993 ^(b)	\$ 216	\$ 9,200	\$ 518	\$ 4	\$ 522
\$2,706	\$142,185	\$ 7,325	\$ 3,125	\$152,635	\$ -	\$ -	\$ -
336	-	16	(16)	-	-	-	-
3,042	142,185	7,341	3,109	152,635	-	-	-
-	-	-	-	-	13,778	956	14,734
145	3,871	253	(652)	3,472	6,440	(723)	5,717
\$3,187	\$146,056	\$ 7,594	\$ 2,457	\$156,107	\$ 20,218	\$ 233	\$ 20,451
\$ 154	\$ 5,925	\$ 706 ^(a)	\$ 242	\$ 6,873	\$ 5,136	\$ 309	\$ 5,445
\$ 8	\$ 1,415	\$ 27	\$ (673)	\$ 769	\$ 1,744	\$ (265)	\$ 1,479
\$ 11	\$ 1,666	\$ 123	\$ (961)	\$ 828	\$ 6,526	\$ 396	\$ 6,922
\$ (7)	\$ 2,418	\$ (194)	\$ (57)	\$ 2,167	\$ 960	\$ (9)	\$ 951
\$ (149)	\$ (133)	\$ (189)	\$ (3)	\$ (325)	\$ (1)	\$ 1	\$ -
\$ (218)	\$ 4,981	\$ (270) ^(a)	\$ (243) ^(d)	\$ 4,468	\$ 1,527	\$ 7	\$ 1,534
\$ 926	\$ 1,849	\$ (11)	\$ (127)	\$ 1,711	\$ 2,257	\$(2,257)	\$ -
\$1,343	\$106,452	\$18,841	\$ 268	\$125,561	\$148,789	\$ 380	\$149,169
\$ 150	\$ 6,340	\$ 472 ^(b)	\$ 249	\$ 7,061	\$ 321	\$ 2	\$ 323

NOTE 24 Segment Reporting (concluded)

Information concerning principal geographic areas was as follows (dollars in millions):

	2001		2000		1999	
	Net Sales & Revenues	Net Property	Net Sales & Revenues	Net Property	Net Sales & Revenues	Net Property
North America						
United States	\$132,004	\$25,123	\$136,399	\$22,798	\$130,073	\$20,634
Canada and Mexico	11,769	3,400	13,986	3,687	12,661	3,760
Total North America	143,773	28,523	150,385	26,485	142,734	24,394
Europe						
France	1,829	130	1,986	139	2,130	151
Germany	6,133	2,640	6,582	2,687	8,968	2,912
Spain	1,772	713	1,650	709	2,001	542
United Kingdom	5,024	582	5,035	834	5,390	1,070
Other	11,139	1,905	11,935	2,397	9,407	1,635
Total Europe	25,897	5,970	27,188	6,766	27,896	6,310
Latin America						
Brazil	2,889	946	3,395	1,047	2,830	1,409
Other Latin America	2,249	273	1,843	380	1,686	403
Total Latin America	5,138	1,219	5,238	1,427	4,516	1,812
All Other	2,452	728	1,821	698	1,412	759
Total	\$177,260	\$36,440	\$184,632	\$35,376	\$176,558	\$33,275

Note 25 Subsequent Events

In February 2002, Hughes completed a series of financing activities to fund certain future anticipated cash requirements and to expand available borrowing capacity. Hughes, through its consolidated subsidiary PanAmSat, borrowed \$1.8 billion, consisting of a private placement debt offering in the amount of \$800 million and \$1.0 billion borrowed under a new \$1.25 billion bank facility. The notes issued in the private placement bear interest at an annual rate of 8.5%, are payable semi-annually, mature in 2012, and are unsecured. The \$1.25 billion bank facility is comprised of a \$250 million revolving credit facility, a Tranche A Term Loan in the amount of \$300 million, and a Tranche B Term Loan in the amount of \$700 million. The revolving credit facility and the Tranche A Term Loan bear interest at LIBOR plus a 3.00% spread. The Tranche B Term Loan bears interest at LIBOR plus a 3.5% spread. The interest rate spreads on the revolving credit facility and Tranche A Term Loan may be increased or decreased based upon the terms of the credit agreement. The facilities are secured ratably by substantially all of PanAmSat's operating assets, including its satellites. The revolving credit facility will terminate in 2007, the Tranche A Term Loan matures in 2007, and the Tranche B Term Loan matures in 2008. Principal payments under the Tranche A Term Loan are due in varying amounts from 2004 to 2007. Principal payments under the Tranche B Term Loan are due primarily at maturity.

Also in February 2002, Hughes utilized \$1.7 billion of the proceeds from a \$1.9 billion loan obtained from GMAC to repay (1) all amounts outstanding under an existing \$750 million unsecured revolving credit facility, (2) the DIRECTV Latin America ("DLA") \$450 million revolving credit facility, and (3) \$613 million of SurFin revolving credit facilities. Hughes' existing \$750 million multi-year revolving credit facility was amended and expanded to \$1.2 billion and is secured by substantially all of Hughes' assets other than the assets of DLA and PanAmSat. In March 2002, Hughes was in the process of adding a term loan to the \$1.2 billion multi-year revolving credit facility that would increase the total funding available to at least \$1.8 billion. The term loan is expected to close in March 2002. Hughes secured the loan from GMAC with a \$1.5 billion cash deposit. Hughes and GMAC intend to offset against each other the \$1.5 billion cash deposit and amounts owed by Hughes to GMAC, and accordingly, these amounts will be offset in the ACO and Finance and Insurance Operations balance sheets.

On March 6, 2002, GM issued \$3.8 billion in convertible debt securities as part of a comprehensive effort to improve the Corporation's financial flexibility. The offering includes \$1.2 billion principal amount of 4.5% Series A Convertible Senior Debentures due 2032 and \$2.6 billion principal amount of 5.25% Series B Convertible Senior Debentures due 2032. The securities mature in 30 years and are convertible into GM \$1-2/3 common stock once specific conditions are satisfied. The proceeds of the offering, combined with other cash generation initiatives, will be used to rebuild GM's liquidity position, reduce its underfunded pension liability, and fund its post-retirement health care obligations.

Supplementary Information Selected Quarterly Data (Unaudited)

	2001 Quarters			
	1st ⁽¹⁾	2nd ⁽²⁾	3rd ⁽³⁾	4th
<i>(Dollars in millions, except per share amounts)</i>				
Total net sales and revenues	\$42,615	\$46,220	\$42,475	\$45,950
Income (losses) before income taxes and minority interests	\$ 504	\$ 925	\$ (285)	\$ 374
Income tax expense	208	304	76	180
Minority interests	(2)	7	(10)	(13)
Earnings (losses) of nonconsolidated associates	(57)	(151)	3	74
Net income (loss)	237	477	(368)	255
Dividends on preference stocks	(28)	(23)	(25)	(23)
Earnings (losses) attributable to common stocks	\$ 209	\$ 454	\$ (393)	\$ 232
Earnings (losses) attributable to \$1-2/3 par value	\$ 296	\$ 574	\$ (223)	\$ 337
Losses attributable to Class H	\$ (87)	\$ (120)	\$ (170)	\$ (105)
Basic earnings (losses) per share attributable to				
\$1-2/3 par value	\$ 0.54	\$ 1.05	\$ (0.41)	\$ 0.61
Basic losses per share attributable to Class H	\$ (0.10)	\$ (0.14)	\$ (0.19)	\$ (0.12)
Average number of shares of common stocks				
outstanding – basic (in millions)				
\$1-2/3 par value	548	549	551	556
Class H	875	876	877	877
Diluted earnings (losses) per share attributable to				
\$1-2/3 par value	\$ 0.53	\$ 1.03	\$ (0.41)	\$ 0.60
Diluted losses per share attributable to Class H	\$ (0.10)	\$ (0.14)	\$ (0.19)	\$ (0.12)
Average number of shares of common stocks				
outstanding – diluted (in millions)				
\$1-2/3 par value	554	559	551	559
Class H	875	876	877	877
Cash dividends per share of common stocks				
\$1-2/3 par value	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Class H	\$ –	\$ –	\$ –	\$ –
Price range of common stocks				
\$1-2/3 par value ⁽⁴⁾ : High	\$ 59.48	\$ 64.89	\$ 67.80	\$ 53.22
Low	\$ 50.25	\$ 50.20	\$ 39.17	\$ 40.52
Class H ⁽⁴⁾ : High	\$ 28.00	\$ 25.09	\$ 21.65	\$ 15.80
Low	\$ 17.90	\$ 17.50	\$ 11.50	\$ 12.12

(1) First quarter 2001 results include a \$12 million increase to income on an after-tax basis for the net impact from initially adopting SFAS No. 133, "Accounting for Derivatives and Hedging Activities."

(2) Second quarter 2001 results include a \$133 million after-tax restructuring charge related to General Motors' portion of severance payments and asset impairments that were part of the second quarter restructuring of its affiliate Isuzu Motors Ltd.

(3) Third quarter 2001 results include the following:

- a \$194 million after-tax charge for the announced closing of the Ste. Therese, Quebec assembly plant;
- a \$474 million after-tax charge related to Hughes' settlement with Raytheon on a purchase price adjustment related to Raytheon's 1997 merger with Hughes defense;
- a \$67 million after-tax gain related to Hughes' sale of 4.1 million shares of Thomson Multimedia common stock;
- a \$133 million after-tax charge related to Hughes' non-cash charge from the revaluation of its SkyPerfectTV! investment;
- a \$40 million after-tax severance charge related to Hughes' 10% company-wide workforce reduction in the U.S.; and
- a \$21 million after-tax favorable adjustment for the expected costs associated with the shutdown of Hughes' DIRECTV Japan business.

(4) The principal market is the New York Stock Exchange, and prices are based on the Composite Tape. GM \$1-2/3 par value common stock is also listed on the Chicago, Philadelphia and Pacific stock exchanges.

Supplementary Information Selected Quarterly Data (Unaudited)

(Dollars in millions, except per share amounts)	2000 Quarters			
	1st	2nd	3rd	4th ⁽¹⁾
Total net sales and revenues	\$46,858	\$48,743	\$42,690	\$46,341
Income before income taxes and minority interests	\$ 2,632	\$ 2,835	\$ 1,266	\$ 431
Income tax expense	783	929	436	245
Minority interests	2	2	(2)	11
Earnings (losses) of nonconsolidated associates	(68)	(157)	1	(108)
Net income	1,783	1,751	829	89
Dividends on preference stocks	(29)	(27)	(27)	(27)
Earnings attributable to common stocks	\$ 1,754	\$ 1,724	\$ 802	\$ 62
Earnings (losses) attributable to \$1-2/3 par value	\$ 1,786	\$ 1,762	\$ 878	\$ (635)
Earnings (losses) attributable to Class H	\$ (32)	\$ (38)	\$ (76)	\$ 697
Basic earnings (losses) per share attributable to \$1-2/3 par value	\$ 2.88	\$ 2.99	\$ 1.57	\$ (1.14)
Basic earnings (losses) per share attributable to Class H ⁽³⁾	\$ (0.08)	\$ (0.07)	\$ (0.09)	\$ 0.80
Average number of shares of common stocks outstanding – basic (in millions)				
\$1-2/3 par value	620	590	559	559
Class H ⁽³⁾	413	563	874	875
Diluted earnings (losses) per share attributable to \$1-2/3 par value	\$ 2.80	\$ 2.93	\$ 1.55	\$ (1.16)
Diluted earnings (losses) per share attributable to Class H ⁽³⁾	\$ (0.08)	\$ (0.07)	\$ (0.09)	\$ 0.76
Average number of shares of common stocks outstanding – diluted (in millions)				
\$1-2/3 par value	637	602	567	559
Class H ⁽³⁾	413	563	874	962
Cash dividends per share of common stocks				
\$1-2/3 par value	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.50
Class H	\$ —	\$ —	\$ —	\$ —
Price range of common stocks				
\$1-2/3 par value ⁽²⁾ : High	\$ 88.13	\$ 94.63	\$ 76.63	\$ 68.25
Low	\$ 70.75	\$ 57.25	\$ 56.94	\$ 48.44
Class H ⁽²⁾⁽³⁾ : High	\$ 47.00	\$ 41.58	\$ 37.61	\$ 38.00
Low	\$ 30.50	\$ 27.33	\$ 24.63	\$ 21.33

(1) Fourth quarter 2000 results include: a \$939 million after-tax charge for the phase-out of Oldsmobile; an after-tax charge of \$294 million related to postemployment costs for termination and other postemployment benefits associated with the four North American manufacturing facilities slated for conversion and capacity reduction; a \$419 million after-tax charge related to the reduction in production capacity at GME, including the restructuring of Vauxhall Motors Limited's manufacturing operations in the UK; and a \$1.1 billion after-tax gain at Hughes related to the sale of its satellite systems manufacturing businesses to The Boeing Company for \$3.8 billion in cash.

(2) The principal market is the New York Stock Exchange, and prices are based on the Composite Tape. GM \$1-2/3 par value common stock is also listed on the Chicago, Philadelphia and Pacific stock exchanges.

(3) Adjusted to reflect the three-for-one stock split of the GM Class H common stock, in the form of a 200% stock dividend, paid on June 30, 2000.

Supplementary Information Selected Financial Data (Unaudited)

	Years Ended December 31,				
(Dollars in millions, except per share amounts)	2001	2000	1999	1998	1997
Total net sales and revenues	\$177,260	\$184,632	\$176,558	\$155,445	\$172,580
Income from continuing operations	\$ 601	\$ 4,452	\$ 5,576	\$ 3,049	\$ 6,483
Income (loss) from discontinued operations	—	—	426	(93)	215
Net income	\$ 601	\$ 4,452	\$ 6,002	\$ 2,956	\$ 6,698
\$1-2/3 par value common stock					
Basic earnings per share (EPS) from continuing operations	\$ 1.78	\$ 6.80	\$ 8.70	\$ 4.40	\$ 8.52
Basic earnings (losses) per share from discontinued operations	\$ —	\$ —	\$ 0.66	\$ (0.14)	\$ 0.18
Diluted EPS from continuing operations	\$ 1.77	\$ 6.68	\$ 8.53	\$ 4.32	\$ 8.45
Diluted earnings (losses) per share from discontinued operations	\$ —	\$ —	\$ 0.65	\$ (0.14)	\$ 0.17
Cash dividends declared per share	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Class H common stock ⁽¹⁾⁽³⁾					
Basic EPS from continuing operations	\$ —	\$ —	\$ —	\$ —	\$ 0.77
Basic EPS from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ 0.29
Diluted EPS from continuing operations	\$ —	\$ —	\$ —	\$ —	\$ 0.77
Diluted EPS from discontinued operations	\$ —	\$ —	\$ —	\$ —	\$ 0.29
Cash dividends declared per share	\$ —	\$ —	\$ —	\$ —	\$ 0.33
Class H common stock ⁽¹⁾⁽⁴⁾					
Basic earnings (losses) per share from continuing operations	\$ (0.55)	\$ 0.56	\$ (0.26)	\$ 0.23	\$ 0.01
Diluted earnings (losses) per share from continuing operations	\$ (0.55)	\$ 0.55	\$ (0.26)	\$ 0.23	\$ 0.01
Cash dividends declared per share	\$ —	\$ —	\$ —	\$ —	\$ —
Total assets	\$323,969	\$303,100	\$274,730	\$246,688	\$221,767
Long-term debt ⁽²⁾	\$ 10,726	\$ 7,410	\$ 7,415	\$ 7,118	\$ 5,669
GM-obligated mandatorily redeemable preferred securities of subsidiary trusts	\$ —	\$ 139	\$ 218	\$ 220	\$ 222
Stockholders' equity	\$ 19,707	\$ 30,175	\$ 20,644	\$ 15,052	\$ 17,584

Reference should be made to the notes to GM's consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

(1) Adjusted to reflect the three-for-one stock split of the GM Class H common stock, in the form of a 200% stock dividend, paid on June 30, 2000.

(2) Automotive, Communications Services, and Other Operations only.

(3) Prior to its recapitalization on December 17, 1997.

(4) Subsequent to its recapitalization on December 17, 1997.



a better world



Corporate social responsibility

General Motors has a longstanding commitment to addressing social, environmental, and safety concerns. We consider it our corporate responsibility to do what we can to improve people's lives today and help insure a better world for future generations.

As the world's largest automotive company, there is much we can do. Through our products, our global reach, the ingenuity and dedication of our people, and the company's contribution to the economy, we strive to be a positive force throughout the world.

We are proud of GM's tradition of social responsibility. Whether expressed in financial support or in-kind donations, in features and services to enhance safety and security, or in leading the development of the automobile of the future, GM's commitment to its communities is as strong as ever.

Philanthropy

We have always felt it is important to maintain a leadership position as a valued, responsible corporate citizen. General Motors has a long history of making substantial charitable contributions to various organizations, bringing wide-ranging benefits to society in general and particularly to the communities in which GM employees live and work. In 2001, GM contributed \$78 million to charitable causes through cash contributions, in-kind donations, and participation in charity events. Two unique GM programs are GM Global Aid, an immediate response system that includes a Web site to respond to disasters anywhere in the world, and the GM VolunteerPlu\$ program, where the GM Foundation supports our employees' volunteer efforts with a monetary gift to the charity they're involved in.

Environment

Preserving and protecting the environment is important to everyone at General Motors. Our goal at GM is to balance environmental, social, and economic considerations in all of our actions.

GM understands and shares concerns about fuel economy and the environment. We believe the best approach to improve performance is through a dedicated and cooperative focus on advanced technologies. We are applying proven, affordable technology right now to improve fuel efficiency and reduce emissions. Continuously variable transmissions (CVT), displacement on demand (DOD) engines, Ecotec high-efficiency engines, and other current technologies are examples of improvements GM is making today.

At the same time, we are aggressively developing promising new technologies such as hybrid-power vehicles and pollution-free fuel cells that we believe will eventually replace the internal combustion engine. With fuel cells that emit only water vapor and heat, GM's futuristic hydrogen-powered AUTOnomy concept car shows the potential for breakthrough improvements in air quality and energy conservation in the future.

On another front, we are working to reduce energy consumption and emissions at our facilities. GM has reduced energy consumption by 11 percent at its North American facilities since 1995, and has achieved a 2.5 percent reduction globally since 1999. We also have initiated land-management initiatives in partnership with local governments to redevelop former GM manufacturing facilities and sites. Our goal is to convert these sites into productive, job-creating complexes that benefit local communities.

Safety

GM set the industry standard in safety 25 years ago with the development of the first crash-test dummy. GM also was the first U.S. automaker to introduce side airbags, and it continues to lead the industry with safety-enhancing technology advancements. Vehicle features such as the Advanced Collision Warning System, Night Vision, Low Energy Occupant Detection system, and OnStar are excellent examples of GM's leadership in this key area.

GM is committed to the research, development, and implementation of new features and systems that enhance driver and occupant safety. We also support policies that encourage drivers to take personal responsibility and to drive safely.

GM Mobility

GM continues to take a leading role in meeting the needs of seniors and people with disabilities. The GM Mobility Program in the United States assists people with disabilities by providing financing for adaptive equipment on purchased or leased new GM cars, vans, or light-duty trucks. The Mobility Reimbursement Program covers up to \$1,000 toward the cost of adaptive equipment and benefits approximately 10,000 customers yearly.

GMability.com

GM's commitment to activities supporting corporate responsibility is showcased at www.gmability.com, the company's corporate responsibility Web site. GMability.com provides the relevant information needed to gauge the company's performance and encourages public communication.



Left to right: John F. Smith, Jr., G. Richard Wagoner, Jr., Nobuyuki Idei, Lloyd D. Ward, George M.C. Fisher, Percy N. Barnevik, J. Willard Marriott, Jr.

Board of Directors and Committees

Percy N. Barnevik^{3,5,6}

Chairman,
AstraZeneca PLC and
Sandvik AB*
Director since 1996

John H. Bryan^{1,2,4}

Retired Chairman and
Chief Executive Officer,
Sara Lee Corporation
Director since 1993

Armando Codina

Chairman and
Chief Executive Officer,
Codina Group
Director since 2002

Thomas E. Everhart^{2,3,6}

President Emeritus,
California Institute of Technology
Director since 1989

George M.C. Fisher^{3,4,5}

Retired Chairman and
Chief Executive Officer,
Eastman Kodak Company
Director since 1996

Nobuyuki Idei^{1,5}

Chairman and
Chief Executive Officer,
Sony Corporation
Director since 1999

Karen Katen^{1,3,6}

Executive Vice President –
Pfizer Inc and
President –
Pfizer Global Pharmaceuticals
Director since 1997

E. Stanley O'Neal, Alan G. (A.G.) Lafley, and Armando Codina were elected to the GM Board of Directors effective August 2001, January 2002, and March 2002, respectively. Dennis Weatherstone and Harry J. Pearce retired from the Board effective June 2001.

*Will not stand for reelection at the May 2002 Sandvik AB annual meeting



Left to right: John H. Bryan, Karen Katen, E. Stanley O'Neal, Alan G. Lafley, Armando Codina, Thomas E. Everhart, Eckhard Pfeiffer

Alan G. Lafley

*President and
Chief Executive Officer,
The Procter & Gamble Company
Director since 2002*

J. Willard Marriott, Jr.^{3,4,5}

*Chairman and
Chief Executive Officer,
Marriott International, Inc.
Director since 1989*

E. Stanley O'Neal

*President and
Chief Operating Officer,
Merrill Lynch & Co., Inc.
Director since 2001*

Eckhard Pfeiffer^{1,2,4}

*Retired President and
Chief Executive Officer,
Compaq Computer Corporation
Director since 1996*

John F. Smith, Jr.⁵

*Chairman,
General Motors Corporation
Director since 1990*

G. Richard Wagoner, Jr.

*President and
Chief Executive Officer,
General Motors Corporation
Director since 1998*

Lloyd D. Ward^{1,6}

*Chief Executive Officer,
United States Olympic Committee
Director since 2000*

¹ Audit Committee

Eckhard Pfeiffer, Chair

² Capital Stock Committee

Eckhard Pfeiffer, Chair

³ Committee on Director Affairs

J. Willard Marriott, Jr., Chair

⁴ Executive Compensation Committee

John H. Bryan, Chair

⁵ Investment Funds Committee

Percy N. Barnevik, Chair

⁶ Public Policy Committee

Karen Katen, Chair

Officers and Operating Executives (as of April 1, 2002)

Chairman

John F. Smith, Jr.

**President and
Chief Executive Officer**

G. Richard Wagoner, Jr.

Vice Chairmen

John M. Devine

*Vice Chairman and
Chief Financial Officer*

Robert A. Lutz

*Vice Chairman,
Product Development and
Chairman, GM North America*

Executive Vice Presidents

John D. Finnegan

*Chairman and President,
General Motors Acceptance
Corporation*

Thomas A. Gottschalk

*Law & Public Policy and
General Counsel*

Group Vice Presidents

Michael J. Burns

President, GM Europe

Gary L. Cowger

President, GM North America

Peter H. Hanenberger

*Chairman and Managing Director,
Holden, Ltd.*

Frederick A. Henderson

President, GM Asia Pacific

Mark T. Hogan

Advanced Vehicle Development

Maureen Kempston Darkes

*President, GM Latin America,
Africa and Middle East*

William J. Lovejoy

*North America Vehicle Sales,
Service and Marketing*

Rudolph A. Schlais, Jr.

*President, GM Asia Pacific
(retires May 1, 2002)*

Thomas G. Stephens

GM Powertrain

Ralph J. Szygenda

*Information Systems & Services
and Chief Information Officer*

**Vice Presidents and
Operating Executives**

Bo I. Andersson

*Worldwide Purchasing,
Production Control and Logistics*

Peter Augustsson

*Chairman and
Chief Executive Officer,
SAAB Automobile*

Kathleen S. Barclay

*Global Human Resources and
GM University*

Guy D. Briggs

*General Manager,
Vehicle Manufacturing*

Jonathan Browning

*GM Europe –
Sales, Marketing and Aftersales*

Lawrence D. Burns

*Research & Development
and Planning*

Wayne K. Cherry

Design Centers

Darwin E. Clark

*General Manager,
Industry-Dealer Affairs*

Troy A. Clarke

Labor Relations

Kenneth W. Cole

Government Relations

Frank L. Colvin

Fuel Cell Activities

Arturo S. Elias

*President and Managing Director,
GM de Mexico*

Gerald L. Elson

*General Manager,
Vehicle Operations*

Eric A. Feldstein

Finance and Treasurer

Carl-Peter Forster

*Chairman and Managing Director,
Adam Opel AG*

Roderick D. Gillum

*Corporate Relations and
Diversity*

Michael A. Grimaldi

*President and General Manager,
GM of Canada, Ltd.*

R. William Happel

*General Manager,
GM Locomotive*

Steven J. Harris

Communications

Douglas J. Herberger

*GM North America –
General Manager,
Service and Parts Operations*

Elizabeth A. Lowery

Environment and Energy

Ned S. McClurg

*General Manager, Engineering
Operations, GM Powertrain*

John G. Middlebrook

*General Manager,
Vehicle Brand Marketing and
Corporate Advertising*

Philip F. Murtaugh

*Chairman and Managing Director,
China Group*

Homi K. Patel

*General Manager,
Manufacturing Operations,
GM Powertrain*

James E. Queen

North America Engineering

W. Allen Reed

*President and
Chief Executive Officer,
GM Asset Management*

David N. Reilly

Daewoo Transition Team

John F. Smith

*General Manager,
Field Sales, Service and Parts*

Joseph D. Spielman

*General Manager,
Metal Fabricating*

Kevin E. Wale

*Managing Director,
Vauxhall Motors, Ltd.*

Gualterio Wieland

*President and Managing Director,
GM do Brasil*

James R. Wiemels

GM Europe Manufacturing

Other Officers

Peter R. Bible

Chief Accounting Officer

Wallace W. Creek

Controller

Nancy E. Polis

Secretary

Jacqueline K. Wagner

General Auditor

Roger D. Wheeler

Chief Tax Officer

General Information

Common Stock Symbols

GM: \$1-2/3 par value

GMH: Class H

GM Annual Meeting

The Annual Meeting of Stockholders will be held at 9 a.m. ET on Tuesday, June 4, 2002, in Wilmington, Delaware. Notice of the Annual Meeting and proxy materials will be mailed to stockholders in April.

Stockholder Assistance

For information about stock accounts, direct deposit of dividends or other dividend check issues, stock transfers, address changes, and Internet account access, please contact:

EquiServe
General Motors Corporation
P.O. Box 43009
Providence, RI 02940-3009
Phone: 1-800-331-9922
Phone outside continental U.S. and Canada:
781-575-3990
TTD for the deaf, hard of hearing,
or speech impaired: 1-800-994-4755

EquiServe representatives are available Monday through Friday from 9 a.m. to 5 p.m. ET. Information is always available via the touch-tone automated phone service (1-800-331-9922) or through the EquiServe Web site at www.equiserve.com.

For other information, stockholders may contact:

GM Stockholder Services
General Motors Corporation
Renaissance Center
Mail Code 482-C38-B71
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500
investor.gm.com

Dividend and Cash Investment Plan

Features of the plan include dividend reinvestment, optional cash investment, and safekeeping of stock certificates. Contact EquiServe at 1-800-331-9922 for a prospectus and enrollment information. The prospectus may be viewed online at investor.gm.com.

Electronic Delivery of Documents

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Registered stockholders and employee savings plan participants may enroll at www.econsent.com/gm. Beneficial stockholders, who hold their GM stock through a bank or broker, may sign up at www.icsdelivery.com/gm if their bank or broker participates in electronic delivery.

Securities Analyst and Institutional Investor Queries

GM Investor Relations
General Motors Corporation
Renaissance Center
Mail Code 482-C34-D71
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

Hughes Electronics Corporation Queries

Hughes Electronics Corporation
Investor Relations
Bldg. 001, M/S A144
200 N. Sepulveda Blvd.
P.O. Box 956
El Segundo, CA 90245-0956
310-662-9688

Available Publications

Annual Report
Proxy Statement
Form 10-K Annual Report
Form 10-Q Quarterly Report
GM's full-line product brochure

Select publications are available electronically or print copies may be requested at "Request Information" on investor.gm.com.

To request publications by mail or phone, contact:

GM Fulfillment Center
480-000-FC1
30200 Stephenson Hwy.
Madison Heights, MI 48071-1621
313-667-1434

Information on GM's economic, environmental, and social performance can be found in the GM 2000-2001 Sustainability Report, located at www.gmsustainability.com.

Stockholder Communications

Stockholder News will be included with the dividend mailings in the months of March and September.

Visit GM on the Internet

Explore the world of General Motors products and services on our corporate Web site, www.gm.com. Surf our home page to learn about "The Company," our "Automotive" brands, and products and services that go "Beyond Automotive." From the home page, you can access our many brand Web sites – from Buick to Vauxhall and from ACDelco to XM Radio – to discover the GM product or service that's right for you.

GM Employee Savings Plans

Participants in the Savings-Stock Purchase Program or Personal Savings Plan should contact the GM Investment Service Center at 1-800-489-4646.

GM Customer Assistance Centers

To request product information or to receive assistance with your vehicle, please contact the appropriate marketing unit:

Chevrolet: 1-800-222-1020
Pontiac: 1-800-762-2737
Oldsmobile: 1-800-442-6537
Buick: 1-800-521-7300
Cadillac: 1-800-458-8006
GMC: 1-800-462-8782
Saturn: 1-800-553-6000
EV1: 1-800-253-5328
GM of Canada: 1-800-263-3777
GM Mobility: 1-800-323-9935

GMAC Financial Services

GMAC Customer Service Center:
1-800-200-4622
GMAC Demand Notes/SMARTNOTES:
1-888-271-4066
SMARTLEASE and other SMART
products: 1-800-327-6278
Home Mortgage & Home Equity Loans:
1-800-964-4622
Family First: 1-800-964-4622
GMAC Personal Insurance:
GM Family: 1-800-328-5503
Consumer: 1-800-847-2886
Agency: 1-800-468-3466
GMAC Insurance Mechanical Customer
Service Center: 1-800-631-5590

Other Products and Services

GM Card: 1-800-846-2273
OnStar: 1-888-667-8277
DIRECTV: 1-800-347-3288
DirecPC: 1-800-347-3272

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Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000





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www.gm.com